

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 525 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 4
 to
CONTRACT NO. 071B3200076
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
PricewaterhouseCoopers, LLP 1201 Louisiana, Suite 2900 Houston, TX 77002	Todd Hoffman	todd.hoffman@pwc.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	(713) 356-8440	8324

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	John Fitzpatrick	(517) 241-5697	fitzpatrickj@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jillian Yeates	(517) 284-7019	yeatesj@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Prequalification – Consulting Services for Post Employee Survey Change Management Activities – Department of Technology, Management and Budget			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
February 11, 2013	February 10, 2015	2, two-year	February 10, 2017
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$1,520,000.00		\$299,000.00	\$1,819,000.00	
DESCRIPTION:				
1. Effective September 10, 2015, the attached Performance Measurement and Management System Statement of Work and proposal is hereby added to the Contract.				
2. Effective September 10, 2015, this Contract is hereby increased by \$299,000.00.				
All other terms, conditions, specifications and pricing remain the same. Per vendor and agency agreement, and DTMB Procurement approval.				

STATE OF MICHIGAN

Contract 071B3200076
Change Notice 4

Prequalification Program- Consulting Services for Post-Employee Survey Change Management Activities
Performance Measurement and Management System

EXHIBIT A STATEMENT OF WORK CONTRACT ACTIVITIES

Project Request

The Office of Good Government (OGG) seeks a contractor who can support the reinvention of the State government by developing and deploying an effective performance measurement and performance management system. The purpose of the system is to align the services and programs of executive branch departments/agencies to a clear set of State-wide goals.

Background

The State of Michigan's Office of Good Government (OGG) is charged with creating and sustaining an environment that enables and fosters the continuous reinvention of State government. The OGG operates using four areas of focus: (1) Change Management, (2) Employee Engagement, (3) Performance Management, and (4) Service/Process Optimization. The four areas of focus are connected and interdependent. The simultaneous and successful execution of each area drives reinvention.

OGG activities and programs are performed in partnership with people from across State government and from the private sector. Principal partners include the following:

- Good Government Leadership Team – The Good Government Leadership Team includes senior level executives in State government who provide strategic direction for the OGG.
- Department Directors – Department Directors are responsible for driving and promoting good government principles in their respective departments.
- Good Government Champions – Good Government Champions are appointed by Department Directors and are responsible for working closely with the OGG to execute good government initiatives and programs.
- State Employees – Each State employee is encouraged to become a good government “champion” by participating in OGG programs and events and by driving reinvention wherever they work.
- External partners – External partners provide expertise and participate in OGG events to help State government in its reinvention journey.

Since its inception in 2011, the OGG has had an important impact on State government operations and State government employees. Through the use of dashboards and scorecards, the OGG has helped institutionalize the use of data to drive decision-making and to promote transparency and accountability. 9 dashboards are published on the Open Michigan website (www.michigan.gov/openmichigan) and provide an assessment of the State's performance in key areas including economic strength, health and education, value for money government, quality of life, and public safety. Approximately 600 scorecards are maintained and updated at department, division, bureau, office, and unit levels using a State of Michigan software application called MiResults. 23 department-level scorecards are updated monthly and are posted to the Open Michigan website.

Through statewide employee surveys conducted in 2012 and 2013, the OGG has helped benchmark employee perceptions, identify effective practices, and highlight areas for improvement. Following the 2013 employee survey, each department developed action plans to address employee feedback. These plans are maintained and updated in the MiResults system. Examples include: more visible and accessible senior leaders; implementation of self-directed workgroups and cross-functional teams; enhanced career development programs; integration of employee engagement plans in department strategic plans; establishing employee recognition programs; improved communications. The next employee survey will be conducted in 2015 and will provide valuable information to measure progress since the 2013 survey.

1.1 Requirements

A. Scope of Work

This Project will begin with the Executive Office.

1. **Project Goal:** Support the reinvention of State government by developing and deploying an effective performance measurement and performance management system that aligns the services and programs of executive branch departments/agencies to a clear set of State-wide goals.

2. **Project Objectives:**

- a. At the Executive Office level, create a shared understanding of what the State is trying to accomplish, what beliefs govern its behavior, how it will measure its overall success, what work it must do well to be successful, who owns what work, and how to determine if the work is being effectively managed.
- b. At the Executive Office level, identify gaps between current and desired organizational performance, and identify, prioritize and sequence the initiatives that must be successful for the State to achieve its longer-term goals.

B. Work and Deliverables

Executive Office

1. **Kick-off Meeting**

Contractor must participate in a Kick-off Meeting. The contractor will meet with OGG leadership and key stakeholders from the Executive Office to form a steering team and to align on the projects goals, objectives, and approach. This session has a dual purpose of defining the lines of communication and formalizing overall expectations related to logistics, protocols, and deliverable timelines.

Contractor will create a detailed work plan that integrates the flexibility and governance required for a large undertaking such as this, with the rigor of ensuring timely completion of deliverables by the dates specified. The detailed activities will be comprised of, but not limited to the following activities:

- a. **Assemble Contractor, Subcontractor, OGG and Executive Office:** Contractor will conduct a kick-off meeting with key project stakeholders and State leadership to confirm the project's goals, objectives and approach.
- b. **Develop project plan:** During the first week of the engagement, the Contractor will develop a plan incorporating the State's input and adding in more detailed information.
- c. **Create project status reporting process and template:** Contractor will also identify a status reporting process that is acceptable to the State. Contractor will leverage the project plan to measure the team's progress against the identified weekly tasks and deliverables, and will communicate this to the steering committee in a weekly status report.
- d. **Create project governance structure:** The Project Governance Structure will detail the composition of the Steering Committee (e.g., internal and external stakeholders) and any advisory roles or bodies. It will also articulate when the Steering Committee will convene, meeting agendas and criteria needed for decisions to be escalated to the Steering Committee level.
- e. **Create communication strategy** The Contractor will develop a communications and engagement strategy and plan as the foundation of the delivery of messages and stakeholder activities. The strategy provides a framework that includes the key components that comprehensively deliver messages and activities to all stakeholders, while the plan manages the development and delivery of all messages and activities.
- f. **Establish key stakeholder interview schedule:** Contractor and the State's Project Manager will identify the key resources to interview to help inform the fundamentals map and breakthrough strategy, including senior level management and staff.

2. **NOW Management System Training**

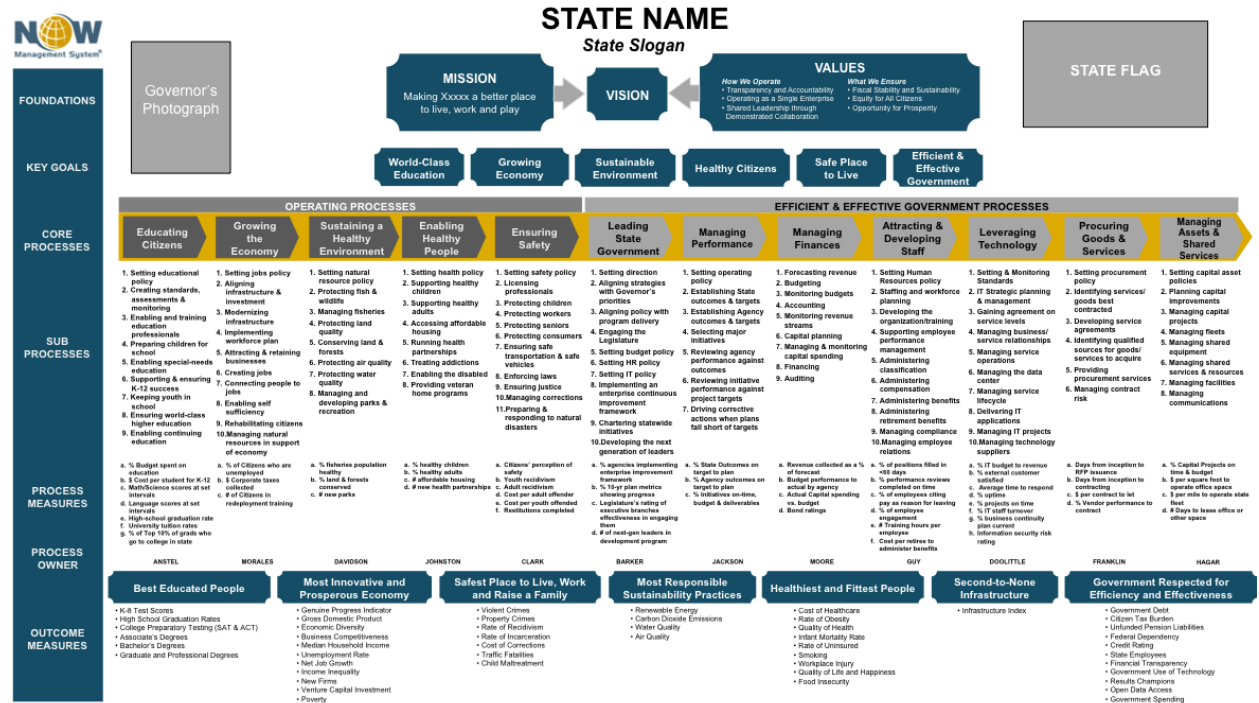
All State staff identified as part of the project team will receive training on the NOW Management System within the first two weeks of the project initiation. This training will be led by Contractor and Subcontractor, including the professionals who authored the methodologies.

3. **NOW Management Fundamentals Map**

The Subcontractor, will lead the Phase I work with the Executive Office in order to establish the standards for work to be done across the state. Throughout this process there will be project team meetings to support the initial stages of knowledge transfer. The work, thinking and decision making takes place in facilitated work sessions. Owners for outcome measures, core processes and process measures will be assigned by the Governor to members of his cabinet who will be participating in this

process. Cabinet members will be given assignments to complete between sessions. A Contractor expert will be assigned to support them in their work and facilitate any work sessions that are needed to complete assignments.

An example of a Fundamentals Map is presented below:



The Fundamentals Map begins with the State's core goals which should be enduring, broad goals. The next level down describes the core processes that must support those goals, and then their sub processes. Importantly, each core process contains a series of both process measures (typically time, cost, or quality metrics that describe the health of a process) and outcomes measures that ultimately will describe whether a process has achieved its goal (economic growth, educational attainment and health metrics often make up this category). Process owners are also identified for each major process and sub process. Throughout this process Contractor will leverage previous work, performed by the State, especially the measures that are already in place.

The goal of the Fundamentals Map is to make a direct linkage between the goals of the State and the processes that support them and to create a linkage between the processes and their outcomes. The question the cabinet will be answering is: with these as our goals, which processes do we need to be good at and how good are we at those today. Performance measures identified in the Map become the foundation of scorecards and quarterly business reviews.

Contractor's team will help owners seek to identify baseline metrics for the processes identified in the Map. Using these, Contractor will facilitate sessions to understand how this current performance compares to the State's aspirations, and which processes are most fundamentally in need of improvement utilizing the Theory of Constraints. These gaps will drive later discussions of breakthrough Initiatives.

Finally, but importantly, Contractor will assess the current culture, notably the current status of executive coaching, leadership training and employee development and engagement. Contractor will assess these capabilities relative to leading practices.

4. Breakthrough Strategy Map

This effort begins with the identification of State-wide Breakthrough Initiatives. These often emerge from "gaps" discovered while building the State's Fundamentals Map. Contractor will facilitate state leadership in identification of the critical breakthrough opportunities, and this will be the foundation of future rollouts.

As the focus of work with the Executive Office is to create an enduring performance management system, Contractor will use the bulk of this phase to set performance targets for key State-wide

processes. These targets will form the basis of scorecard design, and scorecards will roll up into an overall performance management system and methodology. Michigan already has a leg up in this area with its MiResults and Socrata platforms. Contractor's objective will be to avoid reinventing the wheel by leveraging these platforms and enhancing them where necessary.

An Example of the Breakthrough Strategy Map:



After Breakthrough Initiatives are identified a Breakthrough Strategy will be created that will help the state focus on and improve upon the states key goals.

2. Acceptance

2.1 State Project Manager.

The Office of Good Government (OGG) is the leading department for the entire life of this project. The Contractor must include a representative from OGG on all planning and facilitation activities for every agency. OGG must be represented at every stage of this Contract for every agency. For this Statement of Work the State Project Manager is:

John Fitzpatrick
Office of Good Government
Department of Technology, Management and Budget
Ottawa Building
611 W. Ottawa, 4th Floor
Lansing MI 48913
Telephone: 517-241-5697
Email: fitzpatrickj@michigan.gov

3 Staffing

3.1 Contractor Representative

The Contractor must appoint an individual, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the "Contractor Representative").

Contractor's Representative:
Todd Hoffman, Principal
PricewaterhouseCoopers LLP
1201 Louisiana, Suite 2900 Houston, TX 77002

The Contractor must notify the Contract Administrator at least 30 calendar days before removing or assigning a new Contractor Representative.

3.2 Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday 7:00 a.m. to 6:00 p.m. EST.

3.3 Key Personnel

The Contractor must appoint individuals who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

Contractor's Key Personnel must be on-site to engage in key facilitation sessions.

The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Project Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("**Unauthorized Removal**"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms.

The Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés:

Deliverable	Key Personnel Assigned; not all resources are dedicated full-time to the project
1. Kick-Off Meeting	Todd Hoffman (PwC), Chris O'Brien (PwC), Michael Tosh (PwC), John Bernard (MI), Julia Joggerst (PwC), Tom Moore (MI)
2. NOW Management Training	John Bernard (MI), Julia Joggerst (PwC), Tom Moore (MI)
3. NOW Management Fundamentals Map	Todd Hoffman (PwC), Chris O'Brien (PwC), Michael Tosh (PwC), John Bernard (MI), Julia Joggerst (PwC), Tom Moore (MI)
4. Breakthrough Strategy Map	Todd Hoffman (PwC), Chris O'Brien (PwC), Michael Tosh (PwC), John Bernard (MI), Julia Joggerst (PwC), Tom Moore (MI)

3.4 Organization Chart

The Contractor must provide an overall organizational chart that details staff members, by name and title, and subcontractors:

3.5 Disclosure of Subcontractors

If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:

The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.

The relationship of the subcontractor to the Contractor.

Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.

A complete description of the Contract Activities that will be performed or provided by the subcontractor.

Of the total bid, the price of the subcontractor's work:

Contractor's Proposed Subcontractor:
Mass Ingenuity, LLC
5331 SW Macadam
Suite 122
Portland, OR 97239

3.6 Security/Confidentiality

The Contractor will be subject to the agency security procedures, background checks, security forms, Non-Disclosure Agreements, etc.

4.0 Project Management

4.1 Meetings

The Contractor must participate in approximately 30 minute meetings at the beginning of each week. The State may request other meetings, as it deems appropriate.

4.2 Reporting

The Contractor must provide the following reports in the format approved by the State's Project Manager:

- A. Provide weekly written status reports to the Steering Committee
- B. Provide written communication strategy plan to the Steering Committee
- C. Provide Fundamentals Map and an accompanying written description of its contents to the Steering Committee
- D. Provide Breakthrough Strategy Map and an accompanying written description of its contents to the Steering Committee
- E. Provide written recommendations regarding next steps to the Steering Committee

5. Ordering

5.1 Authorizing Document

The appropriate authorizing document for the Contract will be a State Purchase Order.

6. Invoice and Payment

6.1 Invoice Requirements

Each Contractor invoice must show details as to charges by Service/Deliverable component and location at a level of detail reasonable necessary to validate that the amounts invoiced comply with the terms of the Contract. Invoices for Services performed on a time and material basis must show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 PA 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered. All invoices should reflect actual work done.

All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; and (e) pricing in accordance with Exhibit C pricing. No other expenses will be paid.

6.2 Payment Methods

The State will make payment for Contract Activities after completion and acceptance of deliverables.

EXHIBIT C PRICING

Deliverable	Price
1. Kick-off meeting	\$13,000.00
2. NOW Management System methodology training	\$17,000.00
3. NOW Management System Fundamentals Map	\$194,000.00
4. NOW Management System Breakthrough Strategy Map	\$75,000.00
TOTAL	\$299,000

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 525 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 3
 to
CONTRACT NO. 071B3200076
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
PricewaterhouseCoopers, LLP 1201 Louisiana, Suite 2900 Houston, TX 77002	Todd Hoffman	todd.hoffman@pwc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(713) 356-8440	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	John Fitzpatrick	(517) 241-5697	fitzpatrickj@michigan.gov
BUYER	DTMB	Jillian Yeates	(517) 284-7019	yeatesj@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Prequalification- Consulting Services for Post-Employee Survey Change Management Activities – Department of Technology, Management and Budget			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
February 11, 2013	February 10, 2015	2, two year	February 10, 2015
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MIDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24 Months	February 10, 2017
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$120,000.00		\$1,520,000.00		
1. Effective February 11, 2015, this Contract is exercising the first 2-year option renewal. The REVISED Contract expiration date is February 10, 2017. 2. Effective January 26, 2015, the attached Statement of Work and Proposal dated January 6, 2015 is hereby added to the Contract. 3. Effective January 26, 2015, this Contract is hereby INCREASED by \$120,000.00. 4. Please note the buyer and Contract Administrator has been changed to Jillian Yeates.				

All other terms, conditions, specifications, and pricing remain the same. Per vendor and agency agreement, and DTMB Procurement approval.

Statement of Work (SOW) for Consulting Services for Post-Employee Survey for the Department of Technology, Management and Budget (DTMB), Office of Organizational Performance Management (OPM)

A. DESCRIPTION OF SERVICES TO BE PROVIDED:

The purpose of this project is to engage all State of Michigan employees and select external stakeholders to participate in a web-based survey to provide feedback on the Department of Technology, Management and Budget (DTMB) services they receive on a day-to-day basis. The survey will be developed, tested and administered by a Contractor.

B. BACKGROUND:

DTMB recently created a new strategic plan with a focus on customer service and becoming 1 DTMB. Additional plan information is available http://michigan.gov/dtmb/0,5552,7-150-56345_56351---,00.html. All work on this survey should be in line with the mission, vision, and values of DTMB's strategic plan.

C. SCOPE OF WORK:

The Contractor will work with key personnel identified from the DTMB Service catalog, and will set up workshops to gather requirements for the survey. The following survey requirements have already been identified.

1) Survey Population

Survey must be administered to approximately 47,000 state employees and select external customers (e.g. schools, universities, municipalities, tribal government, etc.).

2) Survey Coverage

Approximately (21) Department/Agency and external customer organizations will be available for reporting and analysis according to the customer list provided by DTMB.

3) Modality

Survey must be web-enabled. Each customer included in the customer list will receive an invitation via e-mail with a unique survey link to participate.

4) Questionnaire

Questionnaire length will be determined by final set of questions selected and approved by DTMB. Estimated time for an employee to complete the survey is 10 minutes for (20) core questions, and approximately 5 additional minutes for (4-5) service areas selected.

5) Questionnaire Versions

One version of the core questionnaire will be provided to all customers of DTMB; service-area specific questions will be delivered based on customers' indication that they have used a specific service.

6) Iterations

Questionnaire design and content will be finalized after no more than 3 iterations of Vendor/DTMB review and feedback.

Vendor will send draft of the survey to DTMB for review and additional modifications. Vendor will incorporate modifications into creating the draft.

This revised draft will be sent to DTMB for final review; vendor will incorporate final changes, at which point the survey will be considered final.

7) **Special Programming**

Special programming includes branching and is designed to guide respondents through the questionnaire based on their responses to specific questions.

Branching will be included for service-area selection; vendor will include up to 4-5 service areas within scope.

8) **Branding**

One set of branding/logos for the survey to be provided by DTMB.

D. **DELIVERABLES:**

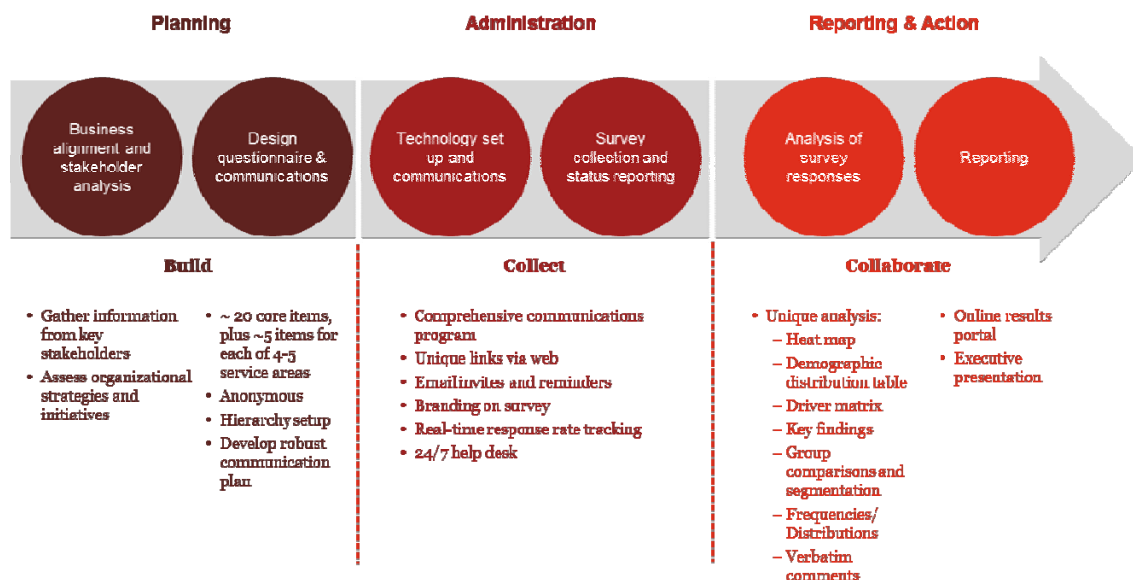
Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below.

1) **Customer Service Survey**

Contractor must develop and administer a web-based survey according to the survey requirements stated under **C. Scope of Work** to all the employees and external stakeholders identified by DTMB OPM. Contractor must measure, analyze and report participation in the survey.

Contractor will follow a three phase structure focusing on project management governance methods and protocols, customer satisfaction measurement and data collection expertise as well as analysis and reporting capabilities, tailored to drive deep insights into DTMB performance and ways to improve service delivery.

The following is Contractor's approach to measuring, analyzing and reporting DTMB's Customer Service survey:



Survey Planning

Project Planning and Tracking: Contractor will begin the process by understanding the project's goals and objectives through targeted stakeholder discussions. In order to establish an effective measurement strategy, Contractor wants to know what was done in the past as well as how the study supports, and integrates with DTMB's strategic plan to drive an aligned vision and the way it serves its sponsors. These discussions will include:

- A review of the past data collection processes to help inform the current study's objectives and identify any best practice activities.
- A kick-off meeting with DTMB's project team to define the program's objectives, establish key milestones and identify core team members and responsibilities. Contractor wants to use this time to map the relationships across the various service lines and agencies that will be a part of the study's scope.

Supporting the project key milestones will be an extensive project plan, detailing the sequence, duration and decision-points on all activities. This project plan will ensure all tasks and outcomes are closely monitored and managed, including a weekly status report that will be shared with the DTMB Project Team.

Modality and Branding: Contractor will utilize a branded (DTMB logo) web based survey that will be conducted by way of an email invitation. Within the invite will be a unique survey link extending the invitation to participate. Contractor will send up to two email reminders to those that do not initially take the survey to ensure getting as much coverage as possible within respondent population.

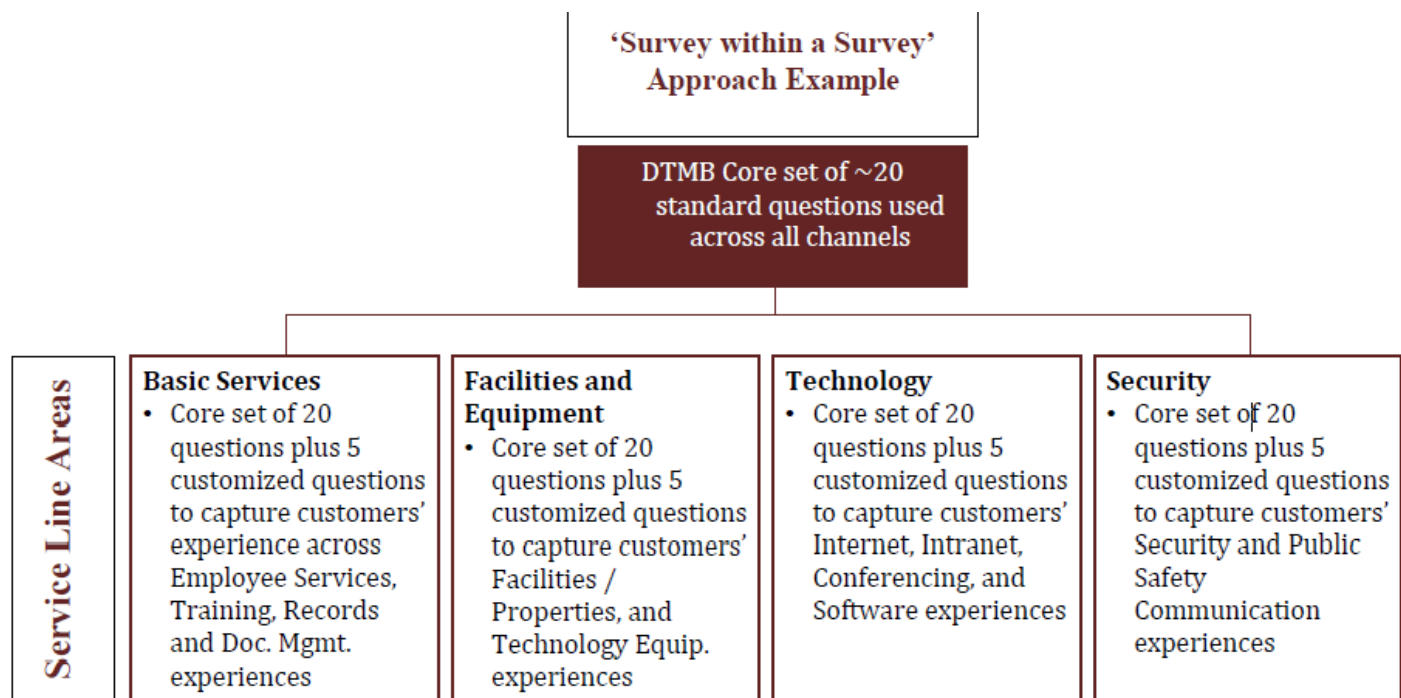
Survey Design: Contractor uses a proven and structured approach to gather and analyze customer satisfaction feedback that will also be fully customized to DTMB's services, processes, technologies, and culture to maximize survey participation, and the fullest understanding of results. Contractor has built upon the limitations seen in traditional surveys and customized Contractor's model and approach to produce sound, actionable insights.

While Contractor offers standardized tools, templates, and best practices samples throughout the entire project that can be considered "off the shelf," customization is not only possible but is core to Contractor's model and encouraged.

As part of the questionnaire design process, Contractor engages in a structured, collaborative, and iterative process to customize the final survey questionnaire content. Information gathered during the pre-kickoff call, the kick-off meeting, and subsequent stakeholder discussions will be used in conjunction with Contractor's expertise to create the survey instrument. Survey development will include both general performance assessments as well as questions evaluating experiences across DTMB service lines. Contractor will align the survey questions to the "customer journey" and ask the right questions about the right customer touchpoints. Whether an employee is receiving IT support or a manager needs to get a background check completed, specific questions are needed to inform the long-term customer experience strategy. Contractor will ask both open-ended and close-ended questions to bring qualitative and quantitative results together into a complete picture.

Contractor uses techniques that solicit categorical information from the customer on open-ended questions that help to bucket answers into themes or dimensions within the survey, allowing for greater analytical capabilities. Furthermore, Contractor's "Survey within a Survey" approach permits DTMB to ask customized questions based on certain interaction characteristics, like service line area or support request, and collect more pointed information specific to that customer's experience. Overall DTMB customer satisfaction is an interconnected set of experiences across various touch point interactions that Contractor will be assessing. There will be two distinct portions of the survey:

- There will be a core set of questions (approximately 20) that every customer will have the opportunity to answer. These questions will be typical service related items that will be more general in nature and relevant independent of the types of services utilized.
- Contractor will also develop banks of questions that will group service lines into broader service areas. Contractor suggests each service area subsection be no more than 3-5 questions - Contractor's "Survey within a Survey" approach permits DTMB to ask customized questions that are specific to that consumer's experience.



Survey Versions: Contractor will allow for the customer evaluation of up to 4 or 5 different service areas, which will provide a broader view of the DTMB organization as well as help limit response burden.

Survey Iterations: Once Contractor has a draft survey developed (core questions plus service area sub-sections) Contractor will iterate the draft with the DTMB project team. After at most three iterations, Contractor will finalize the questionnaire.

Survey Administration

Survey Population/Coverage: To measure DTMB’s performance in the eyes of its customers, Contractor will survey all ~47,000 State of Michigan employees across ~ 21 departments/agencies as well as select external customers (e.g., schools, universities, municipalities, tribal governments, etc.). Contractor’s knowledge of the State’s employee data as well as Contractor’s experience in increasing response rates year over year will allow Contractor to determine the best, most efficient means of developing a customer list and approaches to communicating to DTMB’s various customer segments. The following are the various service lines that Contractor will cover in the survey. Contractor will work with the DTMB team to best group these service lines into services areas (as shown above). This process will be aided by information gathered during stakeholder discussions as well.

- Employee Services
- Facilities and Properties
- Internet, Intranet and Conferencing
- Public Safety Communication
- Purchasing and Accounting
- Records and Document Management
- Security - Physical and IT
- Software
- Surplus and Mail

- System Access, Data and Reporting
- Technology Equipment
- Training
- Vehicles and Parking

Sample and segmentation definition: DTMB serves a wide range of customers who reach out to DTMB on a variety of issues. It is critical to separate out customer populations in a deliberate way and target a representative sample based on volume and service line/area usage to generate a high confidence level in the conclusions drawn. Contractor will segment the groups across service lines, and use demographic information to drive segmentation analysis.

Special Programming: Supporting Contractor's "Survey within a Survey" approach (as described above) Contractor will include special survey programming and logic to determine which of the service area subsections each respondent will be asked to answer. The survey branching will be driven by the respondent's particular service line/area experience.

Data Collection and Communications: Contractor will also work closely with DTMB's team to determine and collect the appropriate information to include in the survey's customer data file, based on reporting expectations and availability of data in HR systems. Contractor will develop a customized communication plan to build support, credibility, and participation in the entire survey process.

Once Contractor is collecting data, Contractor will provide DTMB with access to an online, real-time response rate tracker, which allows DTMB to view response rates by demographics such as by department/agency or external customer entity. In addition, Contractor will actively monitor response rates and suggest targeted communications if needed. Contractor's system allows for multiple sessions (i.e., leave survey and come back to finish at a later time) and is set up with the expected completion time to be 10-15 minutes.

Survey Reporting and Action

Reporting: Data Quality Process and Roll-out

Contractor ensures the data is processed accurately and the reports are sent in a timely manner. Contractor has multiple layers of quality checks. A sample of our quality checks is below:

- **Data Collection:** Staff competency requirements; documented procedures for data collection; customer list template reviews with DTMB; controlled access to spreadsheets
- **Data Cleaning:** Testing procedures for any changes to spreadsheets; error checking; multiple levels of data consistency review; include partial responses (e.g., respondents who started the survey but did not complete) based on threshold determined by Contractor and DTMB teams
- **Report Development:** Management review of analyses; comparison between reports and source file; comparison between reports and reporting portal

As part of the results rollout process, Contractor will provide DTMB with tools and templates to use as you embark on action planning. Depending upon the level of support needed, Contractor is well positioned to provide strategic and tactical support in driving remediation activities.

To maximize the impact of survey results, Contractor offers a comprehensive approach to taking action:

Plan:

- Establishing Senior Leadership commitment to a process of follow-up within the organization
- Determine the type of training and support individual managers need to enable them to effectively utilize

findings and recommendations from this effort

Educate:

- Help Senior Leadership 'own the data' and be empowered by knowing and understanding results
- Provide Core Team/Service Line process owners with training to provide direction or facilitate certain activities
- Equip Local/Key Managers with the understanding, resources, skills, and tools they need to action plan and drive meaningful and sustainable change

Assess Progress:

- Accountability
- Monitoring progress

2) **Stakeholder Focus Group**

Contractor must conduct a focus group with service line owners to identify key questions to include in the service area-specific items.

Contractor will meet with service line owners (either individually or in focus group) to inform the survey design process and gather input regarding objectives, process, the service level customer experience(s) and their role as it pertains to results and next-steps actions.

Contractor will begin this process by understanding the program's goals and objectives through targeted stakeholder discussions and focus groups. In order to establish an effective customer satisfaction survey strategy, Contractor will want to gain clarity on what was done in the past as well as how the study integrates with DTMB's objective of being "one DTMB", value propositions, overall strategy and unique services offered.

These discussions/focus groups will include:

- An assessment of goals and objectives of research overall and at a service line level, by asking the following like questions:
 - What questions does the team hope to answer through this project?
 - What defines success of this project for the service line owners?
 - Who will be expected to act on the data?
 - What's the question we want answered?
 - What about the "customer journey" do we want to learn?
 - Which customers are we most interested in?
- Discuss and confirm:

- Problem definition (define the business/service line issues)
- Research and hypotheses development (current service delivery and gap assessments)
- Questionnaire framework (develop questions that answer/validate hypothesis)
- Outline initial hypothesis and analysis framework to include:
 - Services:
 - Are you evaluating changing service delivery by customer or by service?
 - Evaluate the efficacy of current services, interaction channels, and offerings, and identify recommended changes to enable a scalable operational model.
 - Processes:
 - What outcome measures, such as response time, issue resolution, etc. are available to include in our analysis?
 - Evaluate and suggest process changes at the overall and service level to improve the customer experience.
 - People:
 - Identify skill gaps that contribute to less than ideal customer interactions.

3)

Overall DTMB Report

Contractor must deliver one DTMB-wide report to include Key Findings, Heat Map, Demographic Distribution Table, Driver Matrix, frequencies / distribution of responses, and verbatim comments. Report to include results by service area and by customer segment.

The overall DTMB Report is part of the Survey Reporting and Action phase of Contractor's approach.

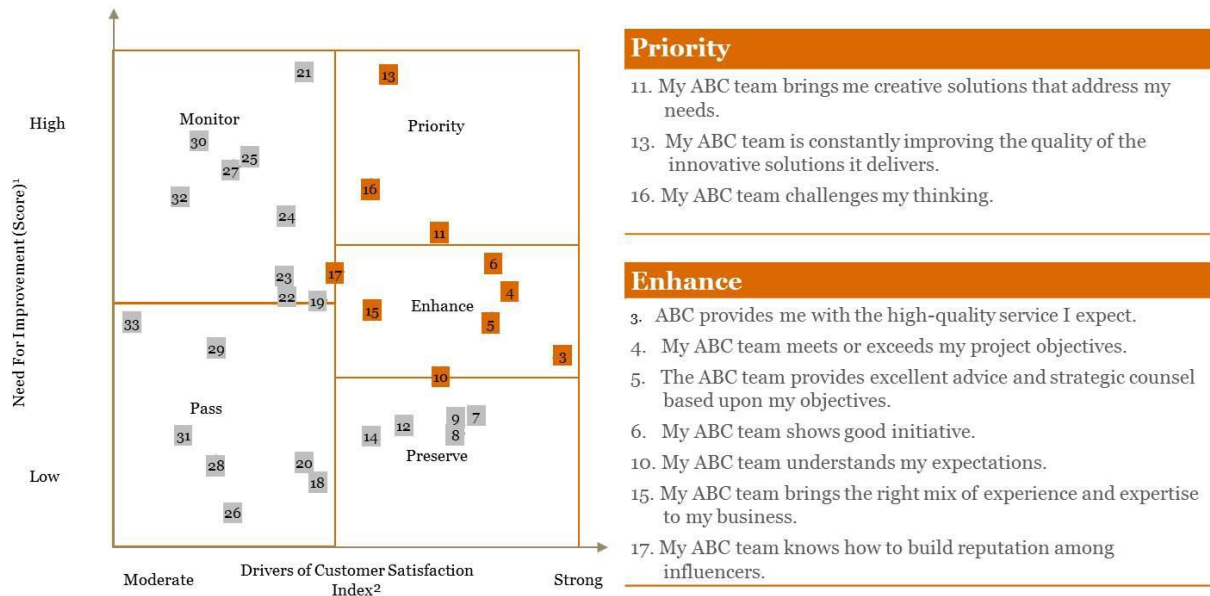
Contractor uses a number of analyses to help organizations prioritize survey results. A custom executive report will contain unique analyses, listed below, based on the program's objectives and help create a story for leadership to use in forming their actions. In addition, many of these key analytics can also be produced by Contractor online reporting tool.

- Contractor's *Driver Matrix* maps each item's overall agree score against the extent to which it correlates with customer satisfaction. The map profiles which items should be priorities for action and which strengths need to be preserved. Please refer to image below of a sample driver matrix.
- Contractor's *Heat Map and Demographic Distribution Table* highlight high and low performance scores by demographic groups, displaying systemic and isolated issues by demographic group for survey results. Issues are summarized, filtered, and organized by key demographics onto a single heat map page. Please refer to image below of a sample heat map.
- *Group Comparisons* provide assessments of results by service area, by customer segment, or any other demographic category in order to identify low and high performing groups. This analysis enables leadership to be able to leverage best practices among strong groups as well as understand which groups to target for

improvement.

- **Key Findings** summarize the results by identifying the important takeaways as well as areas for action. This summary helps create an overall story and picture of the state of customer satisfaction and serves as guidance in determining where to focus action planning based on the survey results.
- **Frequencies/Distribution of Responses** provide detailed results of each item in the survey, based on demographic categories such as service areas and customer segments.
- **Verbatim Comments** will be provided to DTMB. Contractor can sanitize/anonymize comments. Contractor will work with DTMB to determine how to approach sanitization of comments from open-ended questions, including who has access to the comments.

Sample driver matrix



¹ Based on average agreement % (Agree + Strongly Agree)

² Based on correlation with Customer Satisfaction Index

Sample heat map

Sample Company ABC - Heat Map %Agreement (Strongly Agree + Agree)	BU Revenue		BU Revenue		Participant 2012		Participant 2011		Overall ABC 2014		Client Contact Type		Client Contact Type		Participant 2011		Participant 2012		Tip Client Contact YOC		Revenue		BU	
	ABC Insurance	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue	Revenue - Revenue
Has a good understanding of my company	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Invests in a long-term partnership with my company	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Understands my company and its business needs	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Is accountable / takes ownership	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Is easy to do business with	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Has effective relationship management	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Brings in the right experts to meet my needs	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Values and acts upon my point of view and concerns	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Is a trusted advisor to my business	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Adapts its business to the changing market	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Is responsive to inquiries	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Is an effective partner in addressing service related issues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Manages projects effectively	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Is seen as a thought leader in our industry	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Invests in solutions that meet the demands of an ever changing marketplace	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Allows me to focus on other critical areas of my business	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Overall Average	93%	91%	89%	89%	87%	86%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Is able to share and leverage experiences from other clients	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Reduces risk to me and my business	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Provides me with high-quality service	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Consistently focuses on quality	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Effectively communicates the benefits that services and solutions bring to market	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Resolves issues thoroughly	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Provides thoughtful insight to my business challenges	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Adequately engages its customers in developing solutions	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Offers the specific solutions my company needs today	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Helps me simplify my business	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Provides leading-edge advice	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Delivers solutions to the market in a timely manner	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Proactively identifies future business requirements and acts to address these	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Seamlessly integrates services from enterprise partners	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Results distribution

Results distribution will follow a detailed rollout sequence, determined collaboratively by the Contractor and DTMB project teams. A typical distribution cadence is:

- Analysis of results will begin immediately after survey fielding. Preliminary results in the form of an organizational heat map are delivered to the core client team post-survey close, to support a collaborative session between Contractor and DTMB to review high level results, discuss context and potential messaging to senior leaders, and identify early hypotheses to test with further analysis.
- More extensive reporting (i.e., overall report) is then available for presentation, as is unlimited ad hoc reporting supported by the online reporting tool, upon full loading and testing of the portal.
- Contractor will present the overall results and findings in-person to the DTMB Leadership Team.

4) Results Portal

Contractor must provide access to a results portal for up to 25 users. Individual reports can be produced, including service area heat maps.

Online reporting tool

Contractor will provide DTMB online access to a web-based reporting tool that allows unlimited querying for designated users. Contractor will grant access to 25 users. The online tool can incorporate and maintain historical data, and will enable DTMB to run trended analytics for the future.

Customized reports can also be created in the online reporting tool by setting up pages as desired and adding them to an export package. Once all of the desired pages have been added to the package, it can be exported to MS Excel, MS PowerPoint or PDF.

Ability for 25 power users to generate reports

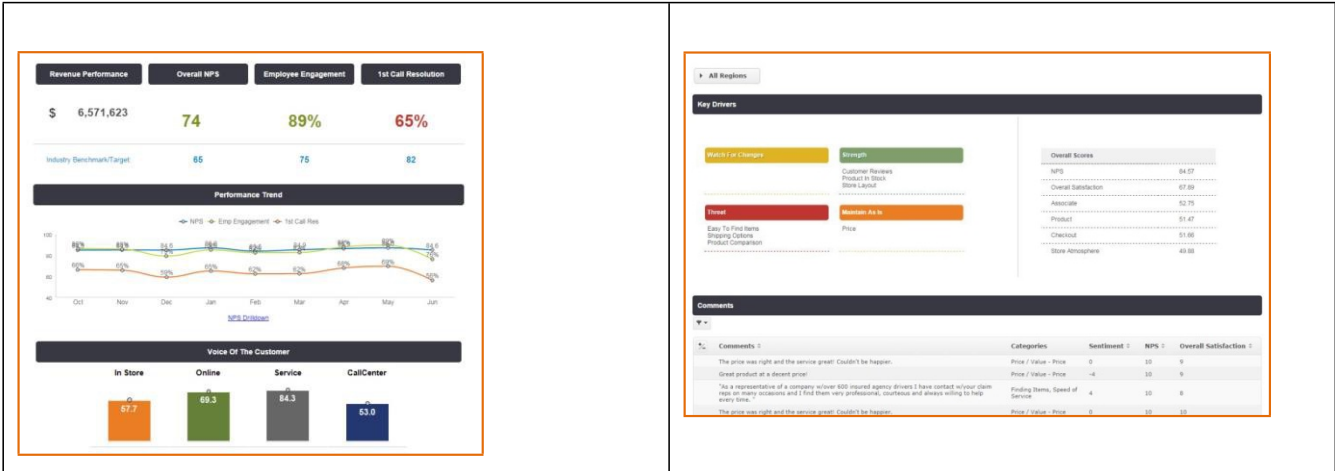
Contractor's online reporting tool enables all users to easily create and disseminate unique reports for their

specific (service) populations. Automated reports are customizable based on DTMB's needs and can be 'assigned' to specific users (service owners, key stakeholders, etc.). Data can be dynamically reported by segment and demographic. Using the online reporting tool, DTMB can combine groups or filter almost any field provided in the customer data file (e.g., business unit, location, role, gender, age, tenure) and then generate reports for those groups.

As this tool is web-based, ad hoc reports can be developed on demand (24/7). The online tool offers a wide variety of reporting capabilities: frequencies and cross tabulations; trend analysis; heat maps and demographics distributions tables; drivers of customer satisfaction and prioritization; data export capabilities (MS Excel, MS PowerPoint, PDF); and dynamic report creation.

Any field provided in the customer data file can be filtered on for the purposes of analysis and reporting (e.g., department, location, length of service, etc.), and fields can also be grouped. To maximize accuracy of the analysis by demographic data and to minimize the amount of information respondents need to provide, Contractor's system is built upon using a customer demographic list feed so that the demographic information is automatically linked to the respondent's survey submission. This allows DTMB's team to select virtually any demographic data of interest for post survey analysis.

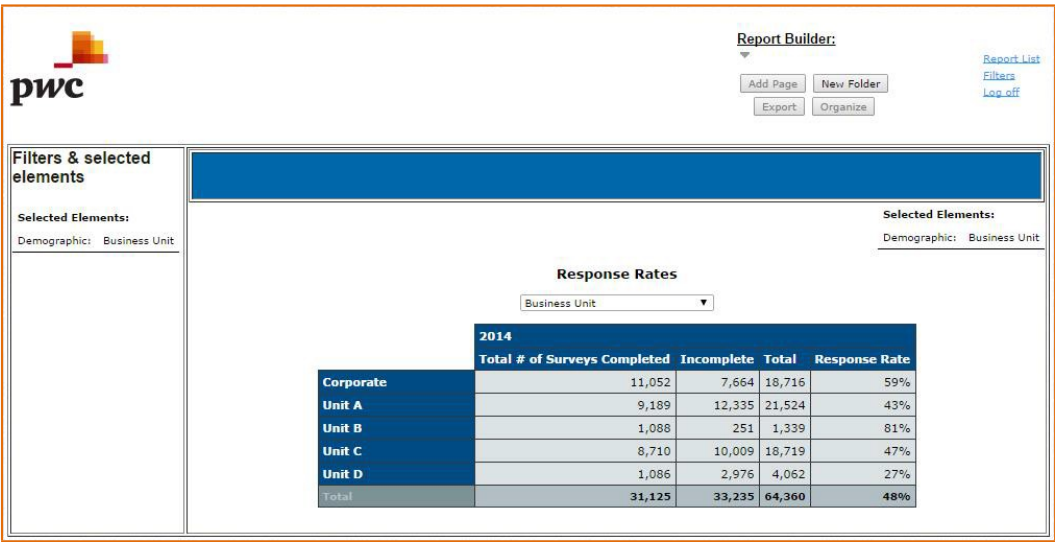
Sample screenshots of online reporting tool



Response rate reporting/tracking

As described earlier, Contractor will provide DTMB with access to a separate online, real-time response rate tracker to be used during survey administration, and Contractor will actively monitor response rates suggesting targeted communications if needed. Contractor will work with DTMB to determine the desired demographics to track during the fielding period.

Sample screenshot of online response rate tracker



5) **Core Team Presentation**

Contractor must present the overall results and findings over the phone to the Core Project Team.

As part of the engagement, Contractor will conduct a series of presentations of the data results to key stakeholder groups. Contractor's presentations will summarize key findings and trends, define DTMB's organizational strengths and weaknesses in meeting customer expectations as well as identify areas of opportunity and improvement.

Contractor will provide the following presentations that can be tailored to specific audiences:

- A **Core Team Presentation** that will be conducted over the phone (or in person). We will focus on DTMB results at the aggregate as well as deep dives into key areas of interest (i.e., service line and by department/agency) that will summarize the main learnings of the Overall DTMB Report.
- An **Executive Presentation** that will be conducted in person. Here, we will focus on DTMB results at the aggregate along with key summary finding and strategic implications across the main areas of interest (i.e., service line and department/agency).

Along with presenting the key findings and recommendations, Contractor will also review the relevant data that closes the loop on the study's objectives and helps connect the dots to support strategic planning/decision making.

6) **Executive Presentation**

Contractor must present the overall results and findings in-person to the DTMB Leadership Team.

Please refer to answer to question #5 in section D above.

7) **Project Debriefing**

Contractor must host a follow-up meeting at the close of the survey to analyze process, improvement opportunities, lessons learned and next steps for next survey administration.

To debrief and close the project, Contractor will host a follow-up meeting at the close of the survey to assess the overall process, areas for improvement, lessons learned and next steps for the next administration of the survey. As part of ongoing project management, Contractor will keep a log of decisions made and any issues in the process. For the project debrief, the Contractor's team will leverage this log in order to determine improvement opportunities. The Contractor and DTMB teams will collaboratively determine appropriate next steps in order to bring the project to a close and plan for the upcoming year.

8) **Overall Project Management and Support**

Contractor must provide a dedicated account team made up of a project manager, content specialist, survey/on-line reporting portal programmer, and project coordinator will be assigned to this project.

To accomplish these goals, a dedicated project team will be established and consist of the roles described below. This team is well versed in the nuances of State-wide data and survey administration obstacles and procedures. Specifically, this team will consist of:

Roles	Responsibilities
Engagement Partner	Oversee the relationship and overall delivery/quality of the project
Project Director	Set the overall project course, strategic guidance on content and design; provide oversight, deliver executive presentation and consulting
Project Manager	Manage the execution and deliverables of the project; day-to-day implementation and delivery of client projects and ensures that key activities are coordinated in a seamless manner
Content Specialist	Provide subject matter expertise relating to the design and strategy of communications, questionnaire, and deliverables
Project specialist (Survey/on-line reporting portal programmer and project coordinator)	Create and deploy the Web survey and online reporting; support day-to-day project coordination

The survey project team will ensure the following phases are executed successfully and will support DTMB throughout each of these stages:

- **Planning:** Contractor's methodology for questionnaire design builds in an iterative development process with DTMB's team. Information gathered during pre-kickoff activities, the kick-off meeting and subsequent meetings will be used in conjunction with our expertise and more than 300-question library to create the questionnaire. The process is flexible and Contractor will work with you to include historical or custom questions specific to DTMB.
- **Administration:** Contractor will provide DTMB with access to an online, real-time response rate tracker, and Contractor will actively monitor response rates suggesting targeted communications if needed. Contractor provides a 24/7 help desk support to all respondents via an e-mail support box. Contractor will adopt a process specific to DTMB's environment to help ensure administration of the survey is not burdensome on the organization and requires little effort by the respondent.
- **Reporting and Action:** The final phase of the survey program incorporates analysis, reporting, and action planning for different levels of the organization. Statistical analyses of survey responses will be provided at aggregated and service area or customer segment levels. As part of the engagement, Contractor will make sure that report types and templates are customized and training is provided on the interpretation of results and reporting tool usage.
- **Project Debrief/Closure:** To debrief and close the project, Contractor will host a follow-up meeting at the close of the survey to analyze process, improvement opportunities, lessons learned and next steps for next survey administration

9) Results Portal Training

Contractor must conduct one-hour training on how to use the results portal for State of Michigan (SOM) employees.

To support DTMB's use of the online reporting portal, Contractor will conduct a two-hour virtual or onsite training for

DTMB employees receiving portal access. The format of these trainings is based on DTMB's preferences. The training will cover how to navigate through each page in the online portal, apply filters, export ad-hoc reports, create heat maps, and interpret results. Participants in the training will have the opportunity to ask

questions. The training will also be recorded for individuals who are unable to attend.

E. CONTRACTOR ROLES AND RESPONSIBILITIES:

- 1) Contractor must host a project kick-off meeting with DTMB's project team to define program objectives, establish a project plan and identify core team members and responsibilities.
- 2) Contractor must identify Issues before, during and after the survey is announced and resolve them in a timely manner.
- 3) Contractor must identify staff that will be performing the service including their resumes, highlighting their work with surveys.

Kick-off Meeting:

After an agreement is executed and a joint project team will be assembled, Contractor will initiate Contractor's formal work with DTMB through a detailed project kickoff meeting. During this session, Contractor will begin with a discussion about DTMB's project objectives, followed by a strategic and tactical design approach in addressing customer satisfaction questionnaire design, communications, customer list/demographics, organizational hierarchy (if deemed necessary), data report formats and project management accountabilities. If desired, Contractor will share an initial version of the questionnaire, consisting of both standardized and custom items, and begin a discussion to codify the steps and stakeholders needed to finalize the questionnaire during this meeting. Furthermore, Contractor will detail discussion points and objectives of stakeholder discussions to inform overall program approach and questionnaire design process.

Sample kick-off meeting agenda:

- Project overview: review project teams, expectations, survey objectives, survey scope and deliverables
- Survey process and timeline: review key decisions and milestones
- Survey planning: review questionnaire, customer list, hierarchy, communication plan, stakeholder discussions
- Survey administration: discuss execution, support, response rate tracking, reminders
- Reporting and action: discuss reporting, online portal, results dissemination and presentations
- Action items and next steps

Note: Sample questionnaire, sample communication plan, and suggested demographics for customer list typically provided for kick-off meeting.

Support and Help Desk Process:

During survey execution, Contractor provides 24/7 help desk support to all respondents via an e-mail support box. Contractor's project team will also be available by phone and email to address any needs or questions that may arise during the survey and reporting period.

Contractor's team will respond to issues/requests that arise within 24 hours. Contractor also works with each client to design a proper escalation protocol in the event the respondent's issue is more suitable for a DTMB team member to respond. In that event, Contractor would direct the DTMB team member to that individual respondent, depending on the issue. Further, upon deploying the survey, detailed attention is given to customer/employee participation and follow-up. Contractor will be attentive to initial bounce-back and undeliverable e-mails, so that in working with DTMB Contractor can quickly correct this contact information while the momentum of the survey deployment is strong.

Project Team:

Todd Hoffman – Partner

Engagement Partner

Todd will provide engagement oversight of project quality overall, timelines and budget. He will ensure that our services fully meet your expectations

Robert Tate – Managing Director

Project Director

Robert will provide engagement oversight of project quality overall, and will be the lead project architect covering overall program approach, survey design, reporting and analysis

Jason Campbell – Manager

Content Specialist

Jason will provide subject matter expertise relating to the design and strategy of communications, questionnaire, and deliverables

Talia Rozensher – Senior Associate

Project Manager

Talia will serve as the Project Manager, managing the execution and deliverables of the project

JoiAnda Bruce – Associate

Project Specialist

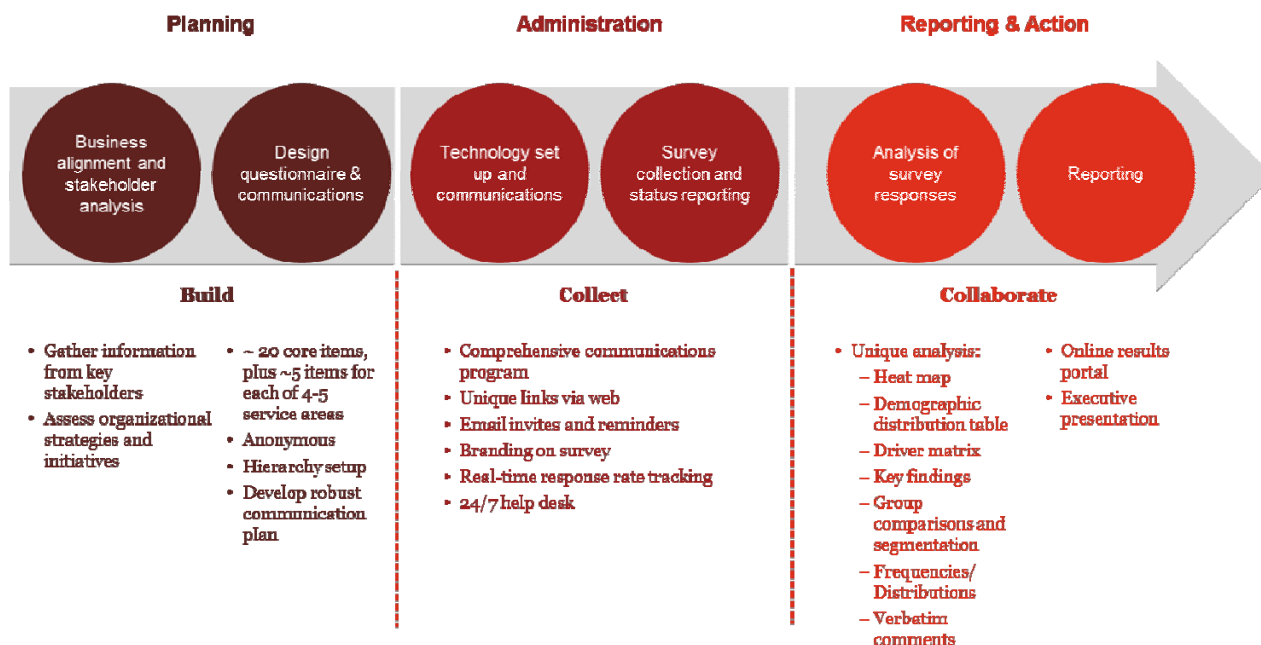
Joi will help create and deploy the Web survey and online reporting, as well as support day-to-day project coordination

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F. PROJECT PLAN:

The project plan will be managed by Anila Francis, Project Manager, from the DTMB Office of Enterprise Portfolio Management.

As described earlier, listed below is a high-level plan that outlines the key milestones in the project:



Contractor will develop a detailed project plan, describing project steps, schedule, roles and responsibilities for each step, and information requirements. Contractor will use the project plan throughout the process to check progress against the initial goals and objectives set by the team. Contractor and DTMB will also arrange a regular schedule for joint team calls to review important milestones and provide updates. As part of the regular team sessions, Contractor will keep a log of decisions made and outstanding items along with roles/responsibilities and expected timing. Contractor will review the decisions log during each call to determine status, next steps, roles/responsibilities, and any impact on the project plan.

Draft timeline:

Project kick-off meeting	January 12, 2015
Stakeholder Interviews/Focus Groups	January 13-15, 2015
Questionnaire review and final approval	January 22, 2015
Communications review and final approval	January 22, 2015
Customer list and hierarchy finalization and delivery	January 26, 2015
Survey programming	January 23-30, 2015
Survey testing	February 2-4, 2015
Survey administration	February 9-23, 2015
Results analysis	February 24-March 20, 2015
Core team review of preliminary results	March 20, 2015
Results presentation	March 31, 2015
Online results portal access and training	April 3, 2015

Ongoing support

April and ongoing


Sample project plan and decisions log:

Michigan 2013 Engagement Survey

Status Update

TBD (Eastern)

398-2338; Participant code: 1517866



Action/Topic	Description / Resolution	Due Date:	Assigned to:	Status:

Please refer to the separate pricing and scope in Exhibit 1.

I. **OTHER:**

The overall goal is to improve DTMB services to all customers. It is anticipated that the customer satisfaction survey will identify DTMB services that are well received by the customers, DTMB processes that need improvement, and activities that require correction due to not meeting service expectations.

In order to maintain anonymity, the vendor will hold the data.

Exhibit 1
Price Proposal

Pricing proposal and scope assumptions

Survey scope		
Survey Population	~47,000 + External Customers	Single administration to all state employees and select external customers (e.g., schools, universities, tribal governments, etc.)
Modality	Web	Survey will be web-enabled. Each customer included in the customer list will receive an invitation via e-mail with a unique survey link to participate
Program and questionnaire design		
Kick-off Meeting	Yes	PwC will host a project kick-off meeting with DTMB's project team to define program objectives,

Questionnaire	~ 20 core items, plus ~5 items for each of 4-5 service areas based on combining services	<p>establish a project plan and identify core team members and responsibilities</p> <p>Questionnaire length will be determined by final set of questions selected and approved by DTMB. Estimated time for an employee to complete the survey is ~10 minutes for core questions, and approximately 5 additional minutes for each service area selected</p>
Stakeholder Focus Group	1	<p>PwC will conduct a focus group with service line owners to identify key questions to include in the service area-specific items.</p>
Questionnaire Versions	>>	<p>One version of the core questionnaire will be provided to all customers of DTMB; service-area specific questions will be delivered based on customers' indication that they have used a specific service</p>
Iterations	3	<p>Questionnaire design and content will be finalized after no more than 3 iterations of PwC/DTMB review and feedback</p> <p>PwC will send draft of the survey to DTMB for review and additional modifications. PwC will incorporate/approve modifications creating draft 2. This revised draft will be sent to DTMB for final review; PwC will incorporate final changes, at which point the survey will be considered final</p>
Special Programming	Yes	<p>Special programming includes branching and is designed to guide respondents through the questionnaire based on their responses to specific questions</p> <p>Branching will be included for service-area selection; PwC will include up to 4-5 service areas within scope. Additional service areas may be considered out of scope</p>
Branding	Yes	<p>One set of branding/logos for the survey to be provided by DTMB</p>
Segmentation/survey coverage Departments	~25	<p>Each Department will be available for reporting and analysis according to the customer list provided by DTMB, as well as up to five external constituencies</p>
Testing and communication Survey Pre-test	Yes	<p>DTMB to identify 4-5 testers to facilitate understanding, functionality and appropriate survey instructions</p> <p>One round of testing to be conducted by DTMB. Any issue will</p>

		necessitate a re-test to the affected area. If re-test is necessary based on items in approved IT Checklist, this may be considered out of scope DTMB will identify a central point of contact to facilitate testing feedback of all testers. PwC will coordinate exclusively with the contact and provide a tester feedback log to track and finalize testing PwC to provide DTMB with a communication plan including: 1. Pre-survey announcements 2. Invitation/proctor instructions 3. Reminders 4. Follow-up/thank you
Communication Plan	Yes	DTMB to review PwC's communication templates, revise as necessary, and finalize. PwC will send out communication relating to the fielding of the survey (i.e. invitation and survey reminders. It is DTMB's responsibility to send out any pre/post survey communication
Customer list Customer List	>>	DTMB will provide PwC with a preliminary customer list based on PwC file specifications for testing purposes. DTMB will also provide PwC one final, consolidated employee list submitted a minimum of two weeks prior to the survey fielding period The customer list must contain a complete list of valid e-mail addresses for web survey administration Missing demographic data will not be included in final reports and analysis Any data manipulation, updating or cleaning of the customer list will be considered out of scope and may require additional fees and have an impact overall project timeline
Segmentation/survey coverage Segmentation/Survey Coverage	~21 Departments/ Agencies	Each Department/Agency will be available for reporting and analysis according to the customer list provided by DTMB
Status reporting Response Rate Access	Yes	PwC will provide DTMB access to on-line response rates that can be segmented based on demographic data provided in the customer list
Deliverables Overall DTMB Report	1	One DTMB-wide report to include Key Findings, Heat Map, Demographic Distribution Table,

		Driver Matrix, frequencies/distribution of responses, and verbatim comments The report will include results by service area and by customer segment
Results Portal	>>	DTMB will have access to a results portal for up to 25 users. Individual reports can be produced, including service area heat maps
Core Team presentation	1	PwC will present the overall results and findings over the phone to the Core Project Team
Executive presentation	1	PwC will present the overall results and findings in-person to the DTMB Leadership Team
Project Debrief	Yes	PwC will host a follow-up meeting at the close of the survey to analyze process, improvement opportunities, lessons learned and next steps for next survey administration
Overall Project Management and Support	>>	A dedicated account team made up of a project manager, content specialist, survey/on-line reporting portal programmer, and project coordinator will be assigned to this project
Results Portal Training	>>	PwC will conduct a one-hour WebEx training on how to use the results portal for SoM employees who will be receiving access

Fees and expenses

The fee for services relative to this project as described in the Scope of Our Services section of this engagement letter will be \$120,000.

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 2
 to
CONTRACT NO. 071B3200076
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
PricewaterhouseCoopers, LLP 1201 Louisiana, Suite 2900 Houston, TX 77002	Todd Hoffman	todd.hoffman@pwc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(713) 356-8440	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	John Fitzpatrick	(517) 241-5697	fitzpatrickj@michigan.gov
BUYER	DTMB	Don Mandernach	(517) 284-7019	mandernachd@michigan.gov

CONTRACT SUMMARY:			
Consulting Services for Post-Employee Survey Change Management Activities – Department of Technology, Management and Budget			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
February 11, 2013	February 10, 2015	2, two year	February 10, 2015
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Firm-Fixed	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	N/A	February 10, 2015
VALUE/COST OF CHANGE NOTICE:			ESTIMATED REVISED AGGREGATE CONTRACT VALUE:	
\$1,300,000.00			\$1,400,000.00	
Effective immediately, funds in the amount of \$1,300,000.00 and the attached ADDENDUM are added to this Contract. All other terms, conditions, specifications and pricing remain unchanged.				

Statement of Work (SOW) for Consulting Services for Post-Employee Survey for the Department of Technology, Management and Budget (DTMB), Office of Good Government

The State of Michigan (SoM) and the Contractor hereby agree that the following additional services will be performed under the terms of this SOW and the current Contract:

Project Goal:

Support the reinvention of state government via good government initiatives by supporting the leaders and managers with the knowledge, skills, and tools to sustainably impact employee engagement.

Project Objectives:

- Assist the Office of Good Government (OGG) in developing a strategy that enables change to be implemented consistently across the enterprise, throughout agencies and in a way that is sustainable.
- Assist OGG to engage consistent agency action planning activities aligned with the objectives of Good Government and in response to employee survey data.
- Work with the OGG to develop OGG's ability to consistently deploy the principles of Good Government to SoM agencies.
- Provide OGG personnel with the tools, techniques, and resources to execute change and promulgate the principles of good government throughout the state.
- Enhance OGG's ability to communicate the principles of good government, reinvention efforts, and other key changes, both internally and externally.

Scope of Our Services

Key Activities and Deliverables

Contractor's Deliverables under this SOW are solely those items listed in the "Deliverables" sections below:

Project Management Office

Key Activities

- Work with the OGG to develop an overall approach and operational model for OGG oversight and management of enterprise and agency-level change activities using the Good Government (four-quadrant) framework
- Provide coordination, monitoring and measurement agency-level change activities
- Define the Contractor's role as Project Management Office (PMO) administrator and the role and structure of the OGG related to activities of this project
- Work with OGG to develop structure to identify and communicate agency successes and best practices
- Work with OGG to develop overall project management standards (initiation, planning, execution, monitoring and closing)

Deliverables

- Overall master program timeline, including:
 - Ownership of tasks
 - Milestones and delivery dates at enterprise level
 - Agency-level activities
- Key performance metrics at the enterprise and agency levels, including:

- o Outcome metrics (e.g., engagement scores, turnover, productivity data, etc.)
- o Compliance metrics (e.g., accountability, implementation timeliness, etc.)
- Structure for coordinating, monitoring, and reporting on agency-level change activities
- Guide to project management standards

Project Management

Key Activities

- Work with OGG to develop project plan, including:
 - o Finalized project requirements and deliverables
 - o Schedule, to include major phases, milestones, and timing of major deliverables
 - o Risk management plan
 - o Deliverable acceptance protocol
- Work with OGG and additional SoM personnel as appropriate (e.g., contracting officers) to develop and implement a governance model. The governance model will include gate reviews at the conclusion of each major phase to:
 - o Capture best practices and lessons learned
 - o Confirm acceptance of deliverables
 - o Evaluate progress to date
 - o Review any project adjustments
- Work with the OGG to develop a project organizational structure and staffing management plan for both the Contractor and OGG, to include:
 - o Roles and responsibilities (both Contractor and OGG)
 - o Anticipated resource commitment for specified deliverables
 - o High level staffing plan for OGG, what needs and resources are necessary

Deliverables

- Overall project plan
- Project government model
- Project organizational structure and staffing management plan

Change Management and Communications

Key Activities

Confirming alignment to vision and strategy

- Confirm vision for Good Government with key stakeholders
- Work with OGG to revise the Good Government execution strategy as required
- Work with OGG to evaluate people, process, and technology requirements for operationalization of change vision, assess current capabilities in these areas, and make recommendations for addressing gaps
- Assess and possibly refine current enterprise and agency specific scorecard key performance indicators (KPIs). KPIs to be aligned and measure overall performance of government and if customers of SoM are receiving good value for their tax dollars

Current state assessment of change and action planning activities

- Assess OGG leadership progress with agency action plans through informal interviews and conversations to assess the support required to effectively lead change

- Assess agency stakeholders to evaluate how effective change management efforts have been to date, to what degree the change initiatives have been integrated into day-to-day operations, and what support is needed to further operationalize the changes
- Work with OGG to integrate change adoption metrics and reporting for agency-level change management monitoring
- Work with OGG to develop a consistent action planning process for the enterprise and agencies to follow

Implementing and embedding change

Communications

- Facilitate agency-level communication assessment to evaluate best modalities for communication by stakeholder group within a specific agency, with documented agency-level findings to shape approach to communication activities
- Work with OGG to develop and document enterprise and agency-level communications strategy and plan to include:
 - Communications governance process with clear roles and responsibilities for messaging
 - Initial key messages covering the why, what, and how for action planning and change in support of OGG
 - Communications and messaging approach to support OGG objectives and change management efforts, to include development of new key messages and communication templates
 - As directed by the developed enterprise communication plan, providing OGG with method for discussing action planning process, timing and expectations with agencies
 - Communications plan for OGG to specifically communicate reinvention efforts and Good Government

Change agent network

- Work with OGG to refine change agent network roles, responsibilities, and governance model to align with change management activities and future state operational model

Training

- Develop training materials to train OGG in change management techniques
- Train OGG to facilitate 2012 and 2013 agency-level survey results reviews with agency directors and leaders
- Train OGG on communications tools and templates, including responsibility matrix, media effectiveness maps, communications sequence and planning documents
- Train OGG on principles and techniques for effective group facilitation
- Provide agency manager training content to OGG on the action planning process including:
 - How to review survey report and work with teams to reach a common understanding/interpretation of the results
 - How to identify strengths and opportunities for improvement
 - How to generate ideas on addressing strengths and opportunities for improvement, and complete an action planning template

Deliverables

- Action planning templates (leadership and manager)
- Change agent network documentation including identification of roles and responsibilities
- Change management metrics and reporting

- Training deck on action planning communication and the overall action planning process
- Training deck on effective group facilitation
- Communication assessment findings, to include recommendations for better communicating the principles of good government
- Communications strategy for both internal and external audiences
- Communications plan including key messages covering the why, what, and how for action planning and change
- Communications governance model for OGG

Research

Key Activities

- Analyze 2012 and 2013 Employee Survey results for context, and input into the need for change so that OGG with the assistance of the PMO can address:
 - Enterprise issues to preserve and improve
 - Noteworthy positive and negative trends in drivers of engagement
 - Unique issues at the agency level
- Additionally, the above process will include the selection of non-survey, outcome measures (e.g., customer satisfaction, cost, measures that determine services/process optimization) to analyze with 2012 and 2013 Employee Survey results. This analysis will show at the enterprise and agency levels the impact employee engagement has on various outcome measures
- Contractor will run linkage analysis (with 2012 and 2013 Employee Survey results and selected outcome measures) at the enterprise and agency level. Linkage analysis will be aligned with enterprise and agency-level scorecards so that engagement and scorecard KPIs are aligned. Contractor to run up to five enterprise outcome linkage analyses and up to two agency-level linkage analyses for each agency
- Conduct additional/ad hoc analysis of agency-level 2012 and 2013 employee survey data to highlight agency-level strengths and opportunities for improvement
- Develop and document research approach and tools (qualitative and quantitative) to gather additional employee feedback, including:
 - Survey and focus group communication templates and process documents associated with pulse survey and focus group administration
 - Focus group discussion guides/library of questions based on enterprise level issues
 - Pulse survey questionnaire library based on enterprise level issues – including PwC's action planning accountability questions
 - Reporting guidelines and templates for focus group and pulse survey results reports
- Provide Contractor research, employee engagement market data, and action planning best practice material and thought leadership
- Provide data to OGG, PMO, and change management efforts as required

Deliverables

- Survey results analysis of enterprise and agency issues to support PMO and OGG change management approaches and activities
- Linkage analysis of enterprise and agency-level outcome measures and 2012/2013 survey results
- Qualitative and quantitative research tools, including pulse survey questions/questionnaires, focus group discuss guides, research methods/guidelines and communications

Implement and Support

Key Activities

- Automate the documentation and tracking of agency-level change management and action planning activities via Contractor's online action planning system - START. Agency level activities to be tracked in START and reported to OGG via the PMO. The OGG will receive universal access allowing for the tracking of issues, strategies, and identification/documenting of best practices. Select agency staff will access START to document and update action plans over time
- Train OGG and select agency staff on features and functionality of START. Included in this training, Contractor will share action planning approaches and best practices, including how to interpret and take action on employee feedback

Deliverables

- START training content and delivery
- START access for up to 800 managers (793 managers had 10 or more responses and received a report in the 2013 Employee Survey). Access to be provided for the duration of this Contract. Should SoM elect to run the all employee survey in 2015, START will remain accessible for 12 months after the survey administration date
- Should SoM prefer to build their own online action planning system, Contractor will assist in developing high level functional specifications for this system
- Agency survey results reporting template

Knowledge Transfer and "Hand-over"

Key Activities

- Define and establish knowledge transfer activities to occur from beginning to conclusion of Contractor's involvement in the overall program
- Develop change capability knowledge transfer plan to be executed during the duration of the Contract
- Work with OGG to identify the skills, capabilities, and roles required to ensure sustainability of change
- Work with OGG to create best practices in managing and operationalizing on-going change with agencies
- Develop trainings and deliver to OGG personnel to enable a sustainable program
- Work with SoM IT personnel to develop an agency-accessible information repository for materials developed throughout this effort
- Formal tools and documentation "hand-over" to include:
 - Manage hand-over to business as usual
 - Provide governance materials such as approval protocols, research methods and status updates templates
 - Broad range of materials used to support knowledge transfer, which may include training aids, quick reference guides, and presentations

Deliverables

- Knowledge transfer plan, to include material needs analysis for OGG
- Sustainability plan, including:
 - Post-project roles/responsibilities descriptions for OGG personnel
 - Assessment of required capabilities for sustainability, with action plans for addressing areas of challenge

- Post-project continuous improvement plan
- Development and delivery of training content for OGG personnel
- Internal information repository and collaboration space (to be completed in conjunction with SoM IT staff)
- Project debrief and final review of deliverables
- Defined OGG structure and resource staffing plan
- OGG communications plan to more effectively communicate reinvention efforts and Good Government

Fees and Expenses

The fee for services relative to this project as described in this Statement of Work will be \$1,300,000.00. All of the Contractor's fees are included in the agreed fee.

Contractor to render invoices monthly based on a deliverable schedule agreed upon by the Contractor and the SoM.

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 1
 to
CONTRACT NO. 071B3200076
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
PricewaterhouseCoopers, LLP 1201 Louisiana, Suite 2900 Houston, TX 77002	Todd Hoffman	todd.hoffman@pwc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(713) 356-8440	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	James Willems	(517) 335-2109	willemsj@michigan.gov
BUYER	DTMB	Don Mandernach	(517) 241-7233	mandernachd@michigan.gov

CONTRACT SUMMARY:			
Consulting Services for Post-Employee Survey Change Management Activities – DTMB			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
February 11, 2013	February 10, 2015	2, 2 yr. options	February 10, 2015
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Firm-Fixed	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	N/A	February 10, 2015
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$100,000.00		\$100,000.00		

This Contract is hereby AMENDED to include the following: Provide Post-Employee Survey Change Management services per the attached Department of Corrections Work Statement. The agency CCI for this change notice, as listed in the SOW below, is Russ Marlan. All other terms, conditions, specifications and pricing remain unchanged.

Work and Deliverables

The Contractor must provide deliverables/services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

1. The Contractor must meet with the Michigan Department of Corrections (MDOC) executive team to review and discuss the Statewide and MDOC survey report and metrics, including the relationship of the survey responses to various demographics, organizational units, and geography.
 - a. Provide additional analyses to clarify issues relative to the State of Michigan (SOM) as a whole and the MDOC.
 - b. Provide context via benchmarking data and best practices. Highlight the strengths and opportunities for improvement uncovered in the analysis.
 - c. Discuss concerns and agree on priority items for making the highest-impact improvements.
 - d. The dates, times, and place of meetings will be agreed upon by the Contractor and the MDOC.
2. The Contractor must recommend a strategy and approach to address major issues and items identified in Task 1.
 - a. Assess organizational readiness for change activities, identify challenges/barriers, develop strategies to overcome, adjusting as needed and providing a high-level plan with timelines.
3. The Contractor must consult with the Good Government team regarding Statewide strategy/planning for employee survey follow-up.
 - a. Integrate with MDOC's recommendations and facilitate alignment if needed.
4. The Contractor must work jointly with MDOC staff to recommend and structure activities to gather additional employee input for determining root cause of key areas underlying/undermining employee engagement.
 - a. Design and conduct focus groups to include participant selection/set-up, discussion guides, and focus group moderating/facilitation. Brainstorm new roles, innovative ideas, and new approaches with employees. Provide reports summarizing key findings and next steps.
 - b. Design, administer and conduct pulse surveys, as needed, and provide results; analyze and integrate results into overall plan.
5. The Contractor must develop an MDOC specific action plan that includes timelines and steps to address issues identified in the survey and from activities in Task 4. The action plan must identify best practices within the MDOC (or the State of Michigan if not available in the MDOC) that can immediately be leveraged to address identified issues.
6. The Contractor must design, administer and conduct pulse surveys to track progress on the MDOC action planning activities, and provide results and assessment of progress to the MDOC executive team.

7. The Contractor must recommend next steps, additional activities, metrics and measures, and changes in approach based on progress and interim data.
 - a. Develop strategy for communicating the action plan and progress made.
 - b. Include as part of the communication strategy recommendations for frequency, content, tone, methods and sharing of success stories and impact of survey data over the course of the year.
8. The Contractor must propose, design and administer staff training as needed to address identified issues most effectively resolved via training. This training may be in facilities, various regional/field offices, or Central Office.
9. The Contractor must propose a framework for the overall analysis of the effectiveness of MDOC Year 1 efforts, including progress on key metrics.
10. The Contractor must recommend enterprise-level strategies, activities, and/or metrics that would enhance the overall goals of Good Government based on MDOC activities.
11. The Contractor must provide knowledge transfer: Train key staff throughout the duration of the Contract, in partnership with the MDOC, and identify resources to provide ongoing support for the MDOC's various change management efforts. Key staff will be identified by the MDOC.

Staffing

1. Staff identified in the Master Contract will be assigned to the project and will be available throughout the duration of the project.

Reports

1. The Contractor must provide the following reports in the format specified by the MDOC:
 - a. Provide monthly reports on status of focus group work
 - b. Provide training plan and curriculum
 - c. Provide monthly key metrics reporting
 - d. Provide written survey and focus group results
 - e. Provide written communication strategy plan
 - f. Provide additional reports as requested by MDOC CCI

Security

A Law Enforcement Information Network (LEIN) request must be completed for any person entering a correctional facility.

Contract Management

The MDOC Contract Compliance Inspector for this Contract will be:

Russ Marlan, Administrator
Executive Bureau
Department of Corrections
P.O. Box 30003
Lansing, MI 48909
Telephone: 517-241-0363
Fax: 517-373-6883
Email: MarlanR@michigan.gov

Attachment A, Pricing

Deliverable Number(s)	Price for Each Deliverable or Group of Deliverables Listed
1, 2, 3, 4, 5, & 7	\$100,000.00
6	Not Included in Contract with MDOC.
8	\$1,500.00 - \$4,500.00 Per Session.
9	Will be Included as a Step in 1-7 and Considered as Overall Project Management. As such, this Item is not considered Separate in Terms of Scope/Duration.
10	Will be Included as a Step in 1-7 and Considered as Overall Project Management. As such, this Item is not considered Separate in Terms of Scope/Duration.
11	The State's Expectation is that Deliverable 11 will take Place Throughout the Duration of the Contract and will not be Separated out in Terms of Pricing or Scope/Duration.

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

April 26, 2013

**NOTICE
 OF
 CONTRACT NO. 071B3200076**
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
PricewaterhouseCoopers LLP. 1201 Louisiana, Suite 2900 Houston, TX 77002	Todd Hoffman	todd.hoffman@pwc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(713) 356-8440	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	James Willems	(517) 335-2109	willemsJ@michigan.gov
BUYER:	DTMB	Don Mandernach	(517) 241-7233	mandernachd@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Descriptive Contract Title			
Consulting Services for Post-Employee-Survey Change Management Activities – Department of Technology, Management and Budget – Office of Enterprise Development			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
2 Years	April 24, 2013	February 10, 2015	2, Two Year Options
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Firm for Length of Contract	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$0.00

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

CONTRACT NO. 071B3200076
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
PricewaterhouseCoopers LLP. 1201 Louisiana, Suite 2900 Houston, TX 77002	Todd Hoffman	todd.hoffman@pwc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(713) 356-8440	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	James Willems	(517) 335-2109	willemsJ@michigan.gov
BUYER:	DTMB	Don Mandernach	(517) 241-7233	mandernachd@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Descriptive Contract Title			
Consulting Services for Post-Employee-Survey Change Management Activities – Department of Technology, Management and Budget – Office of Enterprise Development			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
2 Years	April 24, 2013	February 10, 2015	2, Two Year Options
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Firm for Length of Contract	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:		\$0.00	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation #071I3200022. Orders for delivery will be issued directly by the Department of Technology, Management & Budget through the issuance of a Purchase Order Form.

Notice of Contract #: 071B3200076

FOR THE CONTRACTOR:

PricewaterhouseCoopers LLC.

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Jeff Brownlee, Chief Procurement Officer

Name/Title

DTMB Procurement

Enter Name of Agency

Date



STATE OF MICHIGAN
Department of Technology, Management and Budget
DTMB-Procurement

Contract No. 071B3200076

Prequalification Program:
Consulting Services for Post-Employee-Survey Change Management Activities
for all State Agencies/Organizational Units and the
Michigan Economic Development Corporation

Buyer Name: Don Mandernach
Telephone Number: 517-241-7233
E-Mail Address: mandernachd@michigan.gov

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DEFINITIONS

24x7x365 means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).

Additional Service means any Services within the scope of the Contract, but not specifically provided under any Statement of Work.

Audit Period means the seven year period following Contractor's provision of any work under the Contract.

Bidder(s) are those companies that submit a proposal in response to this RFP.

Business Day means any day other than a Saturday, Sunday or State-recognized legal holiday from 8:00am EST through 5:00pm EST unless otherwise stated.

Blanket Purchase Order is an alternate term for Contract.

CCI means Contract Compliance Inspector.

Days means calendar days unless otherwise specified.

Deleted – N/A means that section is not applicable or included in this RFP. This is used as a placeholder to maintain consistent numbering.

Deliverable means physical goods and/or services required or identified in a Statement of Work.

DTMB means the Michigan Department of Technology Management and Budget.

Environmentally Preferable Products means a product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to: those which contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.

Hazardous Material means any material defined as hazardous under the latest version of federal Emergency Planning and Community Right-to-Know Act of 1986 (including revisions adopted during the term of the Contract).

Incident means any interruption in any function performed for the benefit of a Plan Sponsor.

Key Personnel means any personnel identified in **Section 1.031** as Key Personnel.

New Work means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work. "New Work" does not include Additional Service.

Ozone-depleting Substance means any substance the Environmental Protection Agency designates in 40 CFR part 82 as: (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or (2) Class II, including, but not limited to, hydrochlorofluorocarbons.

Post-Consumer Waste means any product generated by a business or consumer which has served its intended end use; and which has been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product, and which does not include post-industrial waste.

Post-Industrial Waste means industrial by-products which would otherwise go to disposal and wastes generated after completion of a manufacturing process, but does not include internally generated scrap commonly returned to industrial or manufacturing processes.

Recycling means the series of activities by which materials that are no longer useful to the generator are collected, sorted, processed, and converted into raw materials and used in the production of new products. This definition excludes the use of these materials as a fuel substitute or for energy production.

Reuse means using a product or component of municipal solid waste in its original form more than once.

RFP means a Request for Proposal designed to solicit proposals for services.

Services means any function performed for the benefit of the State by the Contractor or its Subcontractors under this Contract, including functions performed under a Statement of Work, Purchase Order, Blanket Purchase Order, Direct Voucher, and Procurement Card Order issued under this Contract.

SLA means Service Level Agreement.

Source Reduction means any practice that reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment prior to recycling, energy recovery, treatment, or disposal.

State Location means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.

Subcontractor means a company selected by the Contractor to perform a portion of the Services, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.

Unauthorized Removal means the Contractor's removal of Key Personnel without the prior written consent of the State.

Waste Prevention means source reduction and reuse, but not recycling.

Pollution Prevention means the practice of minimizing the generation of waste at the source and, when wastes cannot be prevented, utilizing environmentally sound on-site or off-site reuse and recycling. The term includes equipment or technology modifications, process or procedure modifications, product reformulation or redesign, and raw material substitutions. Waste treatment, control, management, and disposal are not considered pollution prevention, per the definitions under Part 143, Waste Minimization, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.

Work Product refers to any data compilations, reports, and other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of an in furtherance of performing the services required by the Contract.

Article 1 – Statement of Work (SOW)

1.010 Project Identification

1.011 Project Request

This is a Pre-Qualified Contract to provide consulting services for post-employee-survey change management activities for all State Agencies/Organizational Units and the Michigan Economic Development Corporation (MEDC). The State of Michigan reserves the right to open up prequalification on an annual basis.

1.012 Background

An employee survey was administered to all State and MEDC employees in the spring of 2012 to measure employee engagement and perceptions of diversity and inclusion, their job, supervision, leadership, work environment, and communications. Information was obtained from over 27,000 employees representing 20 agencies/organizational units within the State and MEDC. Results were presented on both the Statewide and agency levels. The survey, with its focus on employee engagement, is one of the foundational elements of the Governor's program to reinvent State government—"Good Government." Agencies are responsible for assessing and leveraging the results of this survey to establish goals and specific metrics and to track changes in those metrics over the next year.

1.020 Scope of Work and Deliverables

1.021 In Scope

The Contractor is responsible for addressing change management activities in an agency by leveraging the results of the employee survey to develop specific activities to better understand root-cause issues; recommend a program of change management to address; and develop metrics/measures to monitor progress and effectiveness. Activities must be agency-wide, can reflect a variety of organizational development strategies, and are to be focused on any or all of the areas that were identified as significant opportunities in the 2012 employee survey. The scope and duration of efforts can vary by agency and can include all or a subset of the work and deliverables identified below.

When a State Agency/Organizational Unit or the MEDC establishes a need for services, a specific statement of work will be formalized and proposals will be solicited from the prequalified Contractors utilizing a second tier competitive selection process. The requesting State Agency/Organizational Unit or the MEDC will be responsible for facilitating the second tier selection process for each specific statement of work that is issued. The specific statement of work will identify, at a minimum, the period of performance, deliverables, specific response information required and any special terms and conditions that are associated with the individual statement of work. Price proposals for each specific statement of work must be provided on a deliverable(s) basis (please reference **Attachment A** for the second tier competitive bidding process pricing proposal format). The requesting State Agency/Organizational Unit or the MEDC will evaluate the bid responses and will make an award recommendation to the Department of Technology, Management and Budget (DTMB). DTMB will then review the award recommendation and, if approved, will add the associated statement of work and the necessary funding to the selected Contractor's primary Contract.

1.022 Work and Deliverables

The Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

The Contractor may be required to perform any or all of the following activities, depending upon the request from the State Agency/Organizational Unit or the MEDC during the second tier competitive bidding process:

1. Meet with agency executive team to review and discuss the statewide and agency survey report and metrics, including the relationship of the survey responses to various demographics, organizational units, and geography. Provide additional analyses to clarify issues relative to the State of Michigan (SOM) as a whole and the individual agency. Provide context via benchmarking data and best

practices. Highlight the strengths and opportunities for improvement uncovered in the analysis. Discuss concerns and agree on priority items for making the highest-impact improvements.

2. Recommend strategy and approach to address major issues and items identified in Task 1. Assess organizational readiness for change activities, identify challenges/barriers, develop strategies to overcome, adjusting as needed and providing a high-level plan with timelines.
3. Consult with the Good Government team regarding statewide strategy/planning for employee survey follow-up. Integrate with agency's recommendations and facilitate alignment if needed.
4. Work jointly with agency staff to recommend and structure activities to gather additional employee input for determining root cause of key areas underlying/undermining employee engagement.
 - c. Design and conduct focus groups to include participant selection/set-up, discussion guides, and focus group moderating/facilitation. Brainstorm new roles, innovative ideas, and new approaches with employees. Provide reports summarizing key findings and next steps.
 - d. Design, administer and conduct pulse surveys, as needed, and provide results; analyze and integrate results into overall plan.
5. Develop an agency-specific action plan that includes timelines and steps to address issues identified in the survey and from activities in Task 4. The action plan must identify best practices, within the agency (or the SOM if not available in the agency), that can immediately be leveraged to address identified issues.
6. Design, administer and conduct pulse surveys to track progress on agency action planning activities. Provide results and assessment of progress to agency executive team.
7. Recommend next steps, additional activities, metrics and measures, and changes in approach based on progress and interim data. Develop strategy for communicating the action plan and progress made. Include as part of the communication strategy recommendations for frequency, content, tone, methods and sharing of success stories and impact of survey data over the course of the year.
8. Propose, design and administer staff training as needed to address identified issues most effectively resolved via training.
9. Propose a framework for the overall analysis of the effectiveness of agency Year 1 efforts, including progress on key metrics.
10. Based on agency-level activities, recommend enterprise-level strategies, activities, and/or metrics that would enhance the overall goals of Good Government.
11. Knowledge transfer: Train key staff throughout the duration of the Contract, in partnership with the agency, and identify resources to provide ongoing support for the agency's various change management efforts.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

Key Personnel are listed below:

Todd Hoffman – Relationship Partner

Phone: (713) 356-8440

Email: todd.hoffman@pwc.com

Robert Tate – Project Director

Phone: (408) 817-5896

Email: robert.tate@us.pwc.com

If the proposed staff is unavailable at the time that the second tier competitive bid process is utilized the Contractor must propose new staff members, in their response to the second tier competitive bid, that would be assigned to the project. The new staff members will be evaluated per the instructions identified in the second tier bid process.

1.040 Project Plan

1.041 Project Plan Management

The Contractor must use a standard project management methodology that lists tasks, timelines, and critical dependencies. Weekly status reports must be provided to the agency project manager. Frequency of meetings will be determined by the agency and the Contractor based on need, status/progress, issues or challenges, and criticality of project stages.

If additional project plan management deliverables are required, they will be identified in the State Agencies/Organizational Units or MEDC's individual statements of work that will be issued during the second tier competitive bidding process.

1.042 Reports

Weekly reports, based on tasks and timelines, must be provided to the agency. Areas where the Contractor failed to meet timeframes must be highlighted and corrective action identified. Recommendations for changes in course of action must be included when and where relevant.

If additional specific reports are required, they must be identified in the State Agencies/Organizational Units or MEDC's individual statements of work that will be issued during the second tier competitive bidding process.

1.050 Acceptance

1.051 Criteria

The following criteria will be used by the State to determine Acceptance of the Services or Deliverables provided under this SOW:

Deliverables must be submitted in accordance to the project plan that is associated with each individual statement of work that is awarded under the second tier competitive bid process. The deliverables will be reviewed and accepted by the requesting State Agency/Organizational Unit or the MEDC in accordance to the requirements for each deliverable. The agency project manager will formally approve each deliverable on behalf of the team.

Invoices must be submitted to the requesting State Agency/Organizational Unit or the MEDC in accordance with the specific statement of work that is issued during the second tier competitive bidding process.

1.052 Final Acceptance – Deleted - Not Applicable

1.060 Proposal Pricing

1.061 Proposal Pricing

Final pricing per deliverable(s), per each individual statement of work, must be submitted during the second tier competitive bidding process.

Contractors are encouraged to offer quick payment terms (i.e. ____% discount off invoice if paid within ____ days). This information can be noted on the Contractor's price proposal during the second tier competitive bidding process. This may be a factor considered in our award decision.

Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See www.michigan.gov/dtmb for current rates.

1.062 Price Term

Prices quoted are firm for the entire length of the Contract.

1.063 Tax Excluded from Price

(a) Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices must not include the taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

(b) Federal Excise Tax: The State may be exempt from Federal Excise Tax, or the taxes may be reimbursable, if articles purchased under any resulting Contract are used for the State's exclusive use. Certificates showing exclusive use for the purposes of substantiating a tax-free or tax-reimbursable sale will be sent upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices must not include the Federal Excise Tax.

1.064 Holdback – Deleted - Not Applicable**1.070 Additional Requirements****1.071 Additional Terms and Conditions specific to this RFP – Deleted - Not Applicable**

Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

The Contract is for a period of two years beginning April 24, 2013 through February 10, 2015. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002 Options to Renew

The Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to two additional two year periods.

2.003 Legal Effect

Contractor must show acceptance of the Contract by signing two copies of the Contract and returning them to the Contract Administrator. The Contractor must not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a Contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under the Contract, until Contractor is notified in writing that the Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

2.004 Attachments & Exhibits

All Attachments and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing the Contract, are incorporated in their entirety and form part of the Contract.

2.005 Ordering

The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under the Contract. All orders are subject to the terms and conditions of the Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order's or Blanket Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown, however, the Contractor must furnish all such materials and services as may be ordered during the CONTRACT period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

2.006 Order of Precedence

(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005**.

(b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of the Contract, which may be modified or amended only by a formal Contract amendment.

2.007 Headings

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of the Contract.

2.008 Non-exclusivity

The parties agree that a State agency is not required to procure the Deliverables/Services described in this Contract from Contractor, and that any State agency may procure the Deliverables/Services under this Contract from any other vendor or through any other contract vehicle.

2.009 Reformation and Severability

Each provision of the Contract is severable from all other provisions of the Contract and, if one or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.

2.010 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

2.011 No Waiver of Default

If a party fails to insist upon strict adherence to any term of the Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of the Contract.

2.012 Survival

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, limitation of liability, indemnity and confidentiality obligations, survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.013 Third Parties

Contractor is providing the Deliverables/ Services solely for the State's use and benefit and pursuant to an exclusive relationship with the State. Contractor disclaims any contractual or other responsibility or duty of care to others based upon these Services or upon any Deliverables or advice provided.

2.020 Contract Administration

2.021 Issuing Office

The Contract is issued by the Department of Technology, Management and Budget, DTMB-Procurement on behalf of all State Agencies/Organizational Units and the MEDC (collectively, including all other relevant State of Michigan departments and agencies, the "State"). DTMB-Procurement is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. **DTMB-Procurement is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of the Contract.** The Contractor Administrator within DTMB-Procurement for the Contract is:

Don Mandernach
Procurement
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
mandernachd@michigan.gov
517-241-7233

2.022 Contract Compliance Inspector

After DTMB-Procurement receives the properly executed Contract, it is anticipated that the Chief Procurement Officer of DTMB-Procurement, in consultation with the applicable State Agency/Organizational Unit or the MEDC, will direct the person named below, or any other person so designated, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of the Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract as that authority is retained by DTMB Procurement**. The CCI's for the Contract are:

TBD – Will be specified in each specific statement of work that is issued during the second tier competitive selection process. The CCI's will be specific to each State Agency/Organizational Unit or the MEDC.

2.023 Project Manager

The following individual will oversee the project:

James Willems, State Administrative Manager, Office of Enterprise Development
Michigan Department of Technology, Management & Budget
Email: willemsJ@michigan.gov
Phone: (517) 335-2109

2.024 Change Requests

The State reserves the right to request, from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a cost justification.

If the Contractor does not so notify the State, the Contractor has no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable.

Change Requests:

- (a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under the Contract, describing the Change and its effects on the Services and any affected components of the Contract (a "Contract Change Notice").
- (b) No proposed Change may be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by DTMB-Procurement and signed by both parties.
- (c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of the Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

2.025 Notices

Any notice given to a party under the Contract must be deemed effective, if addressed to the State contact as noted in Section 2.021 and the Contractor's contact as noted on the cover page of the contract, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

Either party may change its address where notices are to be sent by giving notice according to this Section.

2.026 Binding Commitments

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in the Contract. Contractor may change the representatives from time to time upon written notice.

2.027 Relationship of the Parties

The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors must be deemed to be an employee, agent or servant of the State for any reason. Contractor is solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

2.028 Covenant of Good Faith

Each party must act reasonably and in good faith. Unless stated otherwise in the Contract, the parties must not unreasonably delay, condition, or withhold the giving of any consent, decision, or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

2.029 Assignments

(a) Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party. Contractor is the U.S. firm of the global network of separate and independent PricewaterhouseCoopers firms (exclusive of Contractor, the "Other PwC Firms"). Contractor may draw on the resources of or contract with its subsidiaries, the Other PwC Firms, and third party contractors, in each case within or outside of the United States (each, a "PwC Subcontractor") for internal, administrative, or regulatory compliance purposes. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties, and the requirement under the Contract that all payments must be made to one entity continues.

(c) If the Contractor intends to assign the Contract or any of the Contractor's rights or duties under the Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

(d) The State agrees that Contractor may provide information Contractor receives in connection with this Contract to each PwC Subcontractor to perform the Services and/or for internal administrative and regulatory compliance purposes. Contractor will be solely responsible for the provision of the Services and Deliverables (including those performed by the PwC Subcontractors) and the PwC Subcontractors, their and Contractor's respective partners, principals or employees (collectively the "Beneficiaries") shall have no liability or obligations arising out of this Contract. The State agrees to bring any claim or other legal proceeding of any nature arising from the Services or Deliverables against Contractor and not against the Beneficiaries. While Contractor is entering into this Contract on its own behalf, this section also is intended for the benefit of each PwC Subcontractor.

2.030 General Provisions

2.031 Media Releases

News releases (including promotional literature and commercial advertisements) pertaining to the RFP and Contract or project to which it relates must not be made without prior written State approval, and then only in

accordance with the explicit written instructions from the State. No results of the activities associated with the RFP and Contract are to be released without prior written approval of the State and then only to persons designated.

2.032 Contract Distribution

DTMB-Procurement retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by DTMB-Procurement.

2.033 Permits

Contractor must obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.034 Website Incorporation

The State is not bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

2.035 Future Bidding Preclusion

Contractor acknowledges that, to the extent the Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any bidder if the State determines that the bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a competitive advantage on the RFP.

2.036 Freedom of Information

All information in any proposal submitted to the State by Contractor and the Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 PA 442, MCL 15.231, et seq (the "FOIA").

2.037 Disaster Recovery

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under the Contract must provide the State with service for repair and work around in the event of a natural or man-made disaster.

2.040 Financial Provisions

2.041 Fixed Prices for Services/Deliverables

Each Statement of Work or Purchase Order issued under the Contract must specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.042 Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under the Contract is subsequently reduced by the State, the parties must negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

2.043 Services/Deliverables Covered

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under the Contract, the State must not be obligated to pay any amounts in addition to the charges specified in the Contract.

2.044 Invoicing and Payment – In General

- (a) Each Statement of Work issued under the Contract must list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.
- (b) Each Contractor invoice must show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to validate that the amounts invoiced comply with the terms of the Contract. Invoices for Services performed on a time and materials basis must show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.
- (c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 PA 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.
- (d) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the CCI and the Contractor. Twenty percent of the total price of each invoice will be held back and will be issued as a final payment after final acceptance.

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) must mutually agree upon. The schedule must show payment amount and must reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy, statements must be forwarded to the designated representative by the 15th day of the following month.

The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the CCI, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.045 Pro-ration

To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services must be pro-rated for any partial month.

2.046 Antitrust Assignment

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of the Contract.

2.047 Final Payment

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with the Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under the Contract must constitute a waiver of all claims by Contractor against the State for payment under the Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.048 Electronic Payment Requirement

Electronic transfer of funds is required for payments on State contracts. The Contractor must register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in 1984 PA 431, all contracts that the State enters into for the purchase of goods and services must provide that payment will be made by Electronic Fund Transfer (EFT).

2.050 Taxes

2.051 Employment Taxes

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes.

2.052 Sales and Use Taxes

Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining “two or more trades or businesses under common control” the term “organization” means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

2.060 Contract Management

2.061 Contractor Personnel Qualifications

All persons assigned by Contractor to the performance of Services under the Contract must be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and must be fully qualified to perform the work assigned to them. Contractor must include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of the Contract, independent contractors engaged by Contractor solely in a staff augmentation role must be treated by the State as if they were employees of Contractor for the Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

2.062 Contractor Key Personnel

- (a) The Contractor must provide the CCI with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (c) The State reserves the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor must notify the State of the proposed assignment, must introduce the individual to the appropriate State representatives, and must provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State must provide a written explanation including reasonable detail outlining the reasons for the rejection.
- (d) Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the State. The Contractor’s removal of Key Personnel without the prior written consent of the State is an unauthorized removal (“Unauthorized Removal”). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel’s employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements and appropriate transition planning must be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.

(e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

2.063 Re-assignment of Personnel at the State's Request

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted for a time as agreed to by the parties.

2.064 Contractor Personnel Location

All staff assigned by Contractor to work on the Contract must perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel must, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.065 Contractor Identification

Contractor employees must be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

2.066 Cooperation with Third Parties

Contractor must cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor must provide to the State's agents and other contractors (provided such agents and other contractors are bound by a confidentiality agreement protecting Contractor's Confidential Information) reasonable access to Contractor's Project personnel to the extent the access relates to activities specifically associated with the Contract and will not interfere or jeopardize the safety or services of the personnel. The State acknowledges that Contractor's time schedule for the Contract is very specific and the State will not unnecessarily or unreasonably interfere with, delay, or otherwise impede Contractor's performance under the Contract with the requests for access.

2.067 Contractor Return of State Equipment/Resources

The Contractor must return to the State any State-furnished equipment, facilities, and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

2.068 Contract Management Responsibilities

The Contractor must assume responsibility for all Services and Deliverables under the Contract, whether or not that Contractor performs them. Further, the State considers the Contractor to be the sole point of contact with regard to its Services and Deliverables, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of Subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve Subcontractors and to require the Contractor to replace Subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the Subcontractor to all provisions of the Contract. Any change in Subcontractors must be approved by the State, in writing, prior to such change.

2.070 Subcontracting by Contractor

2.071 Contractor Full Responsibility

Contractor has full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all Contractor Services and Deliverables contractual matters under the Contract, including payment of any and all charges for Services and Deliverables.

2.072 State Consent to Delegation

Contractor must not delegate any duties under the Contract to a Subcontractor unless the DTMB-Procurement has given written consent to such delegation. The State reserves the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work will not be counted for a time agreed upon by the parties.

2.073 Subcontractor Bound to Contract

In any subcontracts entered into by Contractor for the performance of the Services, Contractor must require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of the Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by the Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor is the responsibility of Contractor, and Contractor must remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor must make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under the Contract will not relieve Contractor of any obligations or performance required under the Contract.

2.074 Flow Down

Except where specifically approved in writing by the State on a case-by-case basis, Contractor must flow down the obligations in **Sections 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, 2.200** in all of its agreements with any Subcontractors.

2.075 Competitive Selection

The Contractor must select Subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

2.080 State Responsibilities

2.081 Equipment

The State must provide only the equipment and resources identified in the Statements of Work and other Contract Exhibits.

2.082 Facilities

The State must designate space as long as it is available and as provided in the Statement of Work, to house the Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). The Contractor must have reasonable access to, and, unless agreed otherwise by the parties in writing, must observe and comply with all rules and regulations relating to each of

the State Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor must not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

2.083 Management Responsibilities

Contractor's role is advisory only. Contractor expects that the State will provide timely, accurate, and complete information and reasonable assistance and Contractor will perform the engagement on that basis.

2.090 Security

2.091 Background Checks

On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel must comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/dit>. Furthermore, Contractor personnel must agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. The Contractor must present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff must comply with all Physical Security procedures in place within the facilities where they are working.

2.092 Security Breach Notification

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State, in writing, any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

2.093 PCI Data Security Standard – Deleted – Not Applicable

2.100 Confidentiality

2.101 Confidentiality

Contractor and the State each acknowledge that the other possesses, and will continue to possess, confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) which is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State must mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under the Contract, is marked as confidential, proprietary, or with a similar designation by the State. "Confidential Information" excludes any information (including the Contract) that is publicly available under the Michigan FOIA.

2.102 Protection and Destruction of Confidential Information

The State and Contractor must each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication, or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by the Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party must limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of the Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under the Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

Promptly upon termination or cancellation of the Contract for any reason, upon request by the State, Contractor must certify to the State that Contractor has destroyed all State Confidential Information, provided, however, Contractor may retain its working papers or the State's Confidential Information to the extent necessary to comply with applicable laws, rules, regulations, or professional standards. Contractor will notify the State in writing of any Confidential Information it intends to retain after termination or cancellation of the Contract. Any copies of the State's Confidential Information so kept shall be retained in confidence under the terms of the Contract.

2.103 Exclusions

Notwithstanding the foregoing, the provisions of **Section 2.100** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.100** will not apply to any particular Confidential Information to the extent the receiving party is required by law, rule, regulation, or professional standards to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 No Implied Rights

Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

2.105 Respective Obligations

The parties' respective obligations under this Section must survive the termination or expiration of the Contract for any reason.

2.110 Records and Inspections

2.111 Inspection of Work Performed

Upon request of the State of Michigan and no more than annually, PwC will accurately complete a security self-assessment questionnaire related to the services being performed which do not violate internal confidentiality disclosures. PwC agrees to meet with the State of Michigan to discuss any noted deficiencies and reasonably treat them within a mutually agreed time frame between both parties. In addition, upon request

of the State of Michigan, PwC will provide an annual independent auditor SSAE16 SOC3 executive summary report and an External Security Document which is aligned to ISO27002:2005 controls.

2.112 Retention of Records

(a) The Contractor must retain all financial and accounting records related to this Contract for a period of 7 years after the Contractor performs any work under this Contract (Audit Period).

(b) If an audit, litigation, or other action involving the Contractor's records is initiated before the end of the Audit Period, the Contractor must retain the records until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

2.113 Examination of Records

(a) The State, upon 10 days notice to the Contractor, may examine and copy any of the Contractor's records that relate to this Contract any time during the Audit Period. The State does not have the right to review any information deemed confidential by the Contractor if access would require the information to become publicly available. This requirement also applies to the records of any parent, affiliate, or subsidiary organization of the Contractor, or any Subcontractor that performs services in connection with this Contract. The State shall not audit any matters outside the scope of the Contract unless there is a legal basis for that audit.

(b) In addition to the rights conferred upon the State in paragraph (a) of this section and in accordance with MCL 18.1470, DTMB or its designee may audit the Contractor to verify compliance with the Contract. The financial and accounting records associated with the Contract shall be made available to DTMB or its designee and the auditor general, upon request, during the term of the Contract and any extension of the Contract and for 3 years after the later of the expiration date or final payment under the Contract.

2.114 Audit Resolution

If necessary, the Contractor and the State will meet to review any audit report promptly after its issuance. The Contractor must respond to each report in writing within 30 days after receiving the report, unless the report specifies a shorter response time. The Contractor and the State must develop, agree upon, and monitor an action plan to promptly address and resolve any deficiencies, concerns, or recommendations in the report.

2.115 Errors

(a) If an audit reveals any financial errors in the records provided to the State, the amount in error must be reflected as a credit or debit on the next invoice and subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried forward for more than four invoices or beyond the termination of the Contract. If a balance remains after four invoices, the remaining amount will be due as a payment or refund within 45 days of the last invoice on which the balance appeared or upon termination of the Contract, whichever is earlier.

(b) In addition to other available remedies, if the difference between the State's actual payment and the correct invoice amount, as determined by an audit, is greater than 10%, the Contractor must pay all reasonable audit costs.

2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:

(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under the Contract. The performance of all obligations under the Contract must be provided in a timely, professional, and workman-like manner in accordance with the Statements on Consulting Standards established by the American Institute of Certified Public Accountants (AICPA). Accordingly, Contractor will not provide an audit or attest opinion or other form of assurance, and will not verify or audit any information provided to Contractor.

(b) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under the Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under the Contract, nor their use by the State will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

(c) If, under the Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in the Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.

(d) The Contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into the Contract, on behalf of Contractor.

(e) It is qualified and registered to transact business in all locations where required.

(f) [Reserved]

(g) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after the Contract start date, the Contractor must report those changes immediately to DTMB-Procurement.

2.122 Warranty of Merchantability – Deleted - Not Applicable

2.123 Warranty of Fitness for a Particular Purpose – Deleted - Not Applicable

2.124 Warranty of Title – Deleted - Not Applicable

2.125 Equipment Warranty – Deleted - Not Applicable

2.126 Equipment to be New

If applicable to the Services/Deliverables under a Statement of Work, Purchase Order, Blanket Purchase Order, Direct Voucher, or Procurement Card Order, all equipment provided under the Contract by Contractor must be new where Contractor has knowledge regarding whether the equipment is new or assembled from new or serviceable used parts that are like new in performance or has the option of selecting one or the other. Equipment that is assembled from new or serviceable used parts that are like new in performance is acceptable where Contractor does not have knowledge or the ability to select one or other, unless specifically agreed otherwise in writing by the State.

2.127 Prohibited Products

If applicable to the Services/Deliverables under a Statement of Work, Purchase Order, Blanket Purchase Order, Direct Voucher, or Procurement Card Order, the State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, is considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items must remain consistent for the term of the Contract, unless DTMB-Procurement has approved a change order pursuant to **Section 2.024**.

2.128 Consequences for Breach

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, the breach may be considered as a default in the performance of a material obligation of the Contract.

2.129 Conflicts of Interest

Contractor personnel directly performing Services or providing Deliverables under this Contract shall not perform services in other agreements or working relationships that are in direct conflict with the Services provided by such personnel under this Contract. "Direct conflict" is defined as those situations wherein such personnel are unable to render impartial assistance, advice, or services to the State. Contractor will adhere to the applicable provisions of the AICPA Ethics Code and applicable laws governing client confidentiality.

Contractor personnel performing Services or Deliverables under this Contract do not have any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under the Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Contract. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.

2.130 Insurance

2.131 Liability Insurance

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims which may arise out of or result from the Contractor's performance of Services under the terms of the Contract, or by anyone directly employed by Contractor.

The Contractor waives all rights against the State of Michigan and the departments, divisions, agencies, offices, commissions, officers, and employees for which the Contractor is rendering services for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain under the Contract.

The commercial general liability and business automobile liability insurance coverage's provided relative to the Contract/Purchase Order are PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State solely with regards to Contractor's actions in the performance of this Contract.

The insurance must be written for not less than any minimum coverage specified in the Contract or required by law, whichever is greater.

At the time of Contract signing, Contractor's insurance providers for Commercial General Liability, auto, and workers' compensation coverage have an A.M. Best rating of A. Throughout the Contract term, all of the Contractor's insurance providers required under **Section 2.131** will have a minimum A- rating. All policies of insurance required in the Contract must be issued by companies that have been approved to do business in the State. See www.michigan.gov/deleg.

The Contractor is required to pay for and provide the type and amount of insurance checked ☒ below:

- ☒ 1. Commercial General Liability with the following minimum coverage:
 \$2,000,000 General Aggregate Limit other than Products/Completed Operations
 \$2,000,000 Products/Completed Operations Aggregate Limit
 \$1,000,000 Personal & Advertising Injury Limit
 \$1,000,000 Each Occurrence Limit

The Contractor must name the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, and employees for which the Contractor is rendering Services as ADDITIONAL INSURED on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

- ☒ 2. If a motor vehicle is used to provide services or products under the Contract, the Contractor must have business automobile liability insurance covering hired and non-owned vehicles used in Contractor's business for bodily injury and third party property damage as required by law, with a combined single limit of \$1,000,000.

The Contractor must name the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, and employees for which the Contractor is rendering services as ADDITIONAL INSURED on the business automobile liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

☒ 3. Workers' compensation coverage must be provided according to applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision must not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

☒ 4. Employers liability insurance with the following minimum limits:
 \$100,000 each accident
 \$100,000 each employee by disease
 \$500,000 aggregate disease

2.132 Subcontractor Insurance Coverage

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under the Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor must fully comply with the insurance coverage required in this Section. Failure of Subcontractor to comply with insurance requirements does not limit Contractor's liability or responsibility.

2.133 Certificates of Insurance and Other Requirements

Contractor must furnish to DTMB-Procurement, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Broker. All Certificate(s) must contain a provision indicating that should any of the coverages afforded under the policies **MUST NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED** notice will be delivered in accordance with policy provisions Before the Contract is signed, and within 30 days after the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

The Contractor must maintain all required insurance coverage throughout the term of the Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must secure tail coverage for at least three years following the expiration or termination for any reason of the Contract. The minimum limits of coverage specified above are not intended, and must not be construed, to limit any liability or indemnity of Contractor under the Contract to any indemnified party or other persons. Contractor is responsible for all deductibles with regard to the insurance. If the Contractor fails to pay any premium for required insurance as specified in the Contract, or if any insurer cancels or significantly reduces any required insurance as specified in the Contract without the State's written consent, then the State may, after the State has given the Contractor at least 30 days written notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.

2.140 Indemnification

2.141 General Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm, or corporation that may be injured or damaged by the Contractor in the performance of the Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its Subcontractors, or by anyone else for whose acts any of them may be liable.

2.142 Deleted – Not Applicable

2.143 Employee Indemnification

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its Subcontractors, the indemnification obligation under the Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its Subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive.

2.144 Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its Subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if the option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under the Contract.

2.145 Continuation of Indemnification Obligations

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

2.146 Indemnification Procedures

The procedures set forth below must apply to all indemnity obligations under the Contract.

- (a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under the Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

2.150 Termination/Cancellation

2.151 Notice and Right to Cure

If the Contractor materially breaches the Contract, and the State, in its sole discretion, determines that the breach is curable, then the State must provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole reasonable discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

2.152 Termination for Cause

- (a) The State may terminate the Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under the Contract, or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State.
- (b) If the Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating the Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by the Contract from other sources. Re-procurement costs are not consequential, indirect or

incidental damages, and cannot be excluded by any other terms otherwise included in the Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under the Contract.

(c) If the State chooses to partially terminate the Contract for cause, charges payable under the Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of the Contract that are terminated for cause must cease on the effective date of the termination.

(d) If the State terminates the Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in the Contract for a termination for convenience.

2.153 Termination for Convenience

The State may terminate the Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate the Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate the Contract in part, Contractor will be paid for services performed as of the termination date, and the charges payable under the Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of the Contract that are terminated for cause must cease on the effective date of the termination.

2.154 Termination for Non-Appropriation

(a) Contractor acknowledges that, if the Contract extends for several fiscal years, continuation of the Contract is subject to appropriation or availability of funds for the Contract. If funds to enable the State to effect continued payment under the Contract are not appropriated or otherwise made available, the State must terminate the Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).

(b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under the Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

(c) If the State terminates the Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.155 Termination for Criminal Conviction

The State may terminate the Contract immediately for convenience and without further liability or penalty in the event Contractor, a partner of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a Contractor State, public or private Contract or subcontract.

2.156 Termination for Approvals Rescinded

The State may terminate the Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State must pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

2.157 Rights and Obligations upon Termination

(a) If the State terminates the Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from the Contract that may be in Contractor's possession, (c) return all State materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(b) If the State terminates the Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under the Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under the Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Partially completed Deliverables provided under this section are provided on an "As Is" basis to the State and will be marked as drafts. The State may not rely on any partially completed Deliverables provided to the State, and Contractor disclaims all liability and responsibility for any use of and/or reliance on such Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

2.158 Reservation of Rights

Any termination of the Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

2.160 Termination by Contractor

2.161 Termination by Contractor

Contractor may terminate the Contract with 30 days written notice if it is required to do so to comply with applicable laws, regulations, or the AICPA Ethics Code.

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities

If the State terminates the Contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the

State or a third party designated by the State. If the Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 120 days. These efforts must include, but are not limited to, those listed in **Sections 2.171, 2.172, 2.173, 2.174, and 2.175.**

2.172 Contractor Personnel Transition

The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's Subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's Subcontractors or vendors. Contractor must notify all of Contractor's subcontractors of procedures to be followed during transition.

2.173 Contractor Information Transition

The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under the Contract. The Contractor must provide the State with asset management data generated from the inception of the Contract through the date on which the Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor must deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

2.174 Contractor Software Transition

To the extent software is required to perform the Services and/or use the Deliverables, the Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under the Contract. This must include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

2.175 Transition Payments

If the transition results from a termination for any reason, reimbursement must be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor must prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 State Transition Responsibilities

In the event that the Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

2.180 Stop Work

2.181 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.180**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work

stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.150**.

2.182 Cancellation or Expiration of Stop Work Order

The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract must be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment must conform to the requirements of **Section 2.024**.

2.183 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.150**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.180**.

2.190 Dispute Resolution

2.191 In General

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all reasonable data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.192 Informal Dispute Resolution

(a) All disputes between the parties must be resolved under the Contract Management procedures in the Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Procurement, DTMB, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:

- (i) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
- (ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract must be honored in order that each of the parties may be fully advised of the other's position.
- (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
- (iv) Following the completion of this process within 60 calendar days, the Director of Procurement, DTMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

(b) This Section must not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.193**.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

2.193 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.194 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, or physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of the Contract or any purchase order resulting from the Contract must contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

2.202 Unfair Labor Practices

Under 1980 PA 278, MCL 423.321, et seq., the State must not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under Section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under Section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.203 Workplace Safety and Discriminatory Harassment

In performing Services for the State, the Contractor must comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor must comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

2.204 Prevailing Wage

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of the Contract in privity of contract with the Contractor must not be less than the wage rates and fringe benefits established by the Michigan Department of Licensing and Regulatory Affairs, Wage and Hour Division, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term

Contractor must include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors and all persons involved with the performance of the Contract in privity of contract with the Contractor must keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Licensing and Regulatory Affairs, the office responsible for enforcement of the wage rates and fringe benefits. The Contractor must keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with the Contract. This record must be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted must also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

2.210 Governing Law

2.211 Governing Law

The Contract must in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.212 Compliance with Laws

Contractor must comply with all applicable state, federal and local laws and ordinances in providing the Services/Deliverables.

2.213 Jurisdiction

Any dispute arising from the Contract must be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.220 Limitation of Liability

2.221 Limitation of Liability

Except to the extent determined to have resulted from Contractor's gross negligence or intentional misconduct, Contractor's liability to pay damages for any losses incurred by the State as a result of breach of contract, negligence, or other tort committed by Contractor, regardless of the theory of liability asserted, is limited in the aggregate to three times the fees earned for the 12 months prior to the event giving rise to the liability. Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract.

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

(a) Disclosure. Contractor must disclose any criminal litigation, investigations, or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors of which it has notice which may have a material adverse effect on Contractor's financial position or its ability to render services to clients. In addition, each Contractor (and each Subcontractor) must notify the State of any civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is

aware, any Subcontractor) is a party, and which involves disputes that might reasonably be expected to materially adversely affect the viability or financial stability of Contractor or any Subcontractor. The Contractor must disclose in writing to the Contract Administrator any such litigation, investigation, arbitration or other proceeding described in this section (collectively, "Proceeding") within 30 days of its occurrence, or the Contractor team providing Services/Deliverables hereunder learning of such Proceeding, whichever is later.

(b) Assurances. If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of the Contract would cause a reasonable party to be concerned about:

- (i) the ability of Contractor (or a Subcontractor) to continue to perform the Contract according to its terms and conditions, or
- (ii) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of the Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
 - (a) Contractor and its Subcontractors must be able to continue to perform the Contract and any Statements of Work according to its terms and conditions, and
 - (b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

2.232 Call Center Disclosure – Deleted - Not Applicable

2.233 Bankruptcy

The State may, without prejudice to any other right or remedy, terminate the Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:

- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under the Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. Contractor must mark partially completed Deliverables as drafts; partially completed Deliverables marked as draft will be provided to the State on an "As Is" basis. To the extent reasonably possible, materials and Work in Process must be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

2.240 Performance

2.241 Time of Performance

- (a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.
- (b) Without limiting the generality of **Section 2.241(a)**, Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.
- (c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its

obligations according to the Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

2.242 Service Level Agreements (SLAs) – Deleted - Not Applicable

2.243 Liquidated Damages – Deleted - Not Applicable

2.244 Excusable Failure

Neither party will be liable for any default, damage, or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military, or otherwise), power failure, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. but the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b) the State may terminate any portion of the Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.250 Approval of Deliverables

2.251 Delivery Responsibilities

Unless otherwise specified by the State within an individual order, the following must be applicable to all orders issued under the Contract.

(a) Shipment responsibilities - Services performed/Deliverables provided under the Contract must be delivered "F.O.B. Destination, within Government Premises." The Contractor must have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates must be specified on the individual purchase order.

(b) Delivery locations - Services must be performed/Deliverables must be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.

(c) Damage Disputes - At the time of delivery to State Locations, the State must examine all packages. The quantity of packages delivered must be recorded and any obvious visible or suspected damage must be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record the damage. Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within 14 days of receipt. Any damage must be reported to the Contractor within five days of inspection

2.252 Delivery of Deliverables

Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable"), a good ("Physical Deliverable") or a Service. All Deliverables must be completed and delivered for State review and written approval and, where applicable, installed according to the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

2.253 Testing – Deleted - Not Applicable

2.254 Approval of Deliverables, In General

(a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, according to the following procedures. Formal approval by the State requires the State to confirm in writing that the Deliverable meets its specifications. Formal approval may include the successful completion of Testing as applicable in **Section 2.253**, to be led by the State with the support and assistance of Contractor. The approval process will be facilitated by ongoing consultation between the parties, inspection of interim and intermediate Deliverables and collaboration on key decisions.

(b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.

(c) Before commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor according to **Section 2.253**.

(d) The State must approve in writing a Deliverable/Service after confirming that it conforms to and performs according to its specifications without material deficiency. The State may, but is not be required to, conditionally approve in writing a Deliverable/Service that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable/Service that remain outstanding at the time of State approval.

(e) If, after three opportunities (the original and two repeat efforts), the Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that the Contractor cure the failure and give the Contractor additional time to cure the failure at the sole expense of the Contractor; or (ii) keep the Contract in force and do, either itself or through other parties, whatever the Contractor has failed to do, and recover the difference between the cost to cure the deficiency and the contract price plus an additional sum equal to 10% of the cost to cure the deficiency to cover the State's general expenses provided the State can furnish proof of the general expenses; or (iii) terminate the particular

Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure the breach. Notwithstanding the foregoing, the State cannot use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if the process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity that renders continuing the process unproductive or unworkable. If that happens, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery before resuming the testing or approval process.

2.255 Process For Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (and if the Statement of Work does not state the State Review Period, it is by default five Business Days for Written Deliverables of 100 pages or less and 10 Business Days for Written Deliverables of more than 100 pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable before its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State notifies the Contractor about deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts must be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.256 Process for Approval of Services

The State Review Period for approval of Services is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 Business Days for Services). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Services (or at the State's election, after approval of the Service). If the State delivers to the Contractor a notice of deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Service in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts must be made at no additional charge. Upon implementation of a corrected Service from Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Service for conformity and that the identified deficiencies have been corrected.

2.257 Process for Approval of Physical Deliverables

The State Review Period for approval of Physical Deliverables is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 continuous Business Days for a Physical Deliverable). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State delivers to the Contractor a notice of deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts must be made at no additional charge. Upon receipt of a corrected Deliverable from the Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.258 Final Acceptance

Unless otherwise stated in the Article 1, Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable must occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.251-2.257**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

2.260 Ownership

2.261 Ownership of Work Product by State

The State owns all Written and Physical Deliverables prepared for and delivered to the State, except for those items set forth in Section 2.265, as they are works made for hire by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents, or other proprietary rights in the Written and Physical Deliverables.

2.262 Vesting of Rights

With the sole exception of any preexisting licensed works identified in the SOW and the items in Section 2.265, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon the State's request, the Contractor must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

2.263 Rights in Data

(a) The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor must not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of the Contractor. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to the State's data. Contractor must not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

(b) The State is the owner of all State-specific data under the Contract. The State may use the data provided by the Contractor under the Contract for any purpose. The State must not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

2.264 Ownership of Materials

The State and the Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any commercial-off-the-shelf software licensed through the Contractor and sold to the State will be licensed directly to the State.

2.265 Ownership by Contractor

Contractor owns its working papers, pre-existing materials and any general skills, know-how, processes, or other intellectual property (including a non-client specific version of any Services or Deliverables) which Contractor may have discovered or created as a result of the Services or Deliverables, but Contractor hereby grants to the State a perpetual, non-exclusive, royalty-free right and license to use all such materials and Deliverables in the conduct of the State's business.

2.270 State Standards

2.271 Existing Technology Standards

The Contractor must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://michigan.gov/cybersecurity/0,1607,7-217-34395_34476---.00.html.

2.272 Acceptable Use Policy

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see http://michigan.gov/cybersecurity/0,1607,7-217-34395_34476---.00.html. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.273 Systems Changes

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the Project Manager. Any changes Contractor makes to State systems with the State's approval must be done according to applicable State procedures, including security, access, and configuration management procedures.

2.280 Extended Purchasing

2.281 MIDEAL – Deleted - Not Applicable

2.282 State Employee Purchases – Deleted - Not Applicable

2.290 Environmental Provision

2.291 Environmental Provision

Hazardous Materials:

For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, construction materials including paint thinners, solvents, gasoline, oil, and any other material the manufacture, use, treatment, storage, transportation, or disposal of which is regulated by the federal, State, or local laws governing the protection of the public health, natural resources, or the environment. This includes, but is not limited to, materials such as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act.

(a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State, and local laws. The State must provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor must immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.

(b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State must order a suspension of Work in writing. The State must proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State must terminate the affected Work for the State's convenience.

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor must resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.242** for a time as mutually agreed by the parties.

(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

Michigan has a Consumer Products Rule pertaining to labeling of certain products containing volatile organic compounds. For specific details visit http://www.michigan.gov/deq/0,1607,7-135-3310_4108-173523--,00.html

Refrigeration and Air Conditioning:

The Contractor must comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to the Contract.

Environmental Performance:

Waste Reduction Program: Contractor must establish a program to promote cost-effective waste reduction in all operations and facilities covered by the Contract. The Contractor's programs must comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).

2.300 Other Provisions

2.311 Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials – Deleted / Not Applicable

Attachment A, Pricing

Price proposals for each specific statement of work, issued during the second tier competitive bidding process, must be provided on a per deliverable(s) basis as shown below.

Deliverable Number(s)	Price for each deliverable or group of deliverables listed
1, 2 & 3	
4 & 5	
6	
7	
8	
9	
10	
11	The State's expectation is that deliverable 11 will take place throughout the duration of the contract and will not be separated out in terms of pricing or scope/duration.